

#### 4. PUBLIC ADMINISTRATION AND ESTIMATION OF LOCAL DEVELOPMENT EFFICIENCY

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The success of the neoliberal reforms of the public administration system in the Eastern Partnership countries is primarily due to the degree of positive balance in hand of the economic and social consequences of the authorities reforms. But these consequences are formed not only by the authorities, as a professional subject of public administration (in the modern world, civil society institutions are full members of the formation of goals, tasks, and results of reforms while speaking, in essence, as objects of governance).

The systematic disadvantage of reformist actions of the authorities in the Eastern Partnership countries is the exclusion of partnerships from governance processes and rulemaking, non-recognition of civil society not only by the beneficiary but also by the key customer of the desired results of socio-economic transformations. Therefore, existing practice, the implementation of ENP in the context of support for the integration of Eastern Europe and the implementation of reforms in the public administration system has encountered a number of contradictions related to the difficulties of the objective nature, to which we refer to the following.

The ENP relates the economic integration of Eastern European countries with the transfer of sovereignty to EU institutions but without the direct participation of representatives of these countries in public administration institutions. Consequently, the level and dynamics of the integration of the Eastern Partnership countries are directly dependent on the real desire of politicians and business to converge with EU standards and norms, and the role of the theoretical foundations of Neo-functionalization remains

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insignificant. This makes it impossible to propose a general action plan for all the countries of the Eastern Partnership. After all, the process of integration and its dynamics take place on several levels: political leaders and governments of interested countries; their population, which is not always positively perceived by integration processes; the business for which euro integration is connected in the first place, with the loss of competitiveness in the European market.

The above factors led to the tendency of the revival of neo-liberalism as a theoretical approach to new institutionalism, including in the field of foreign policy and practice of PA.

The analysis of publications prepared by national and European researchers allowed for a qualitative assessment of the real effectiveness of integration processes at the local level in the context of reforms of the public administration system. Their additions with the results of the author's studies allowed to propose recommendations, which will contribute to improving the effectiveness of local development and reforming public administration in the context of European integration processes.

For modern Ukraine, such processes are actualized not only with the achievement of the key factors in the success of the implementation of neo-liberal reforms in the economic and social spheres and with debilitation, but first of all - with the introduction of an assessment of the social effectiveness of the authorities and progressive practices in partner relations between the state and civil society institutions.

Thus, in this section we included the following:

- An analysis of the effectiveness of neo-liberal economic reforms in the context of European integration processes was done. Based on the specifics of such reforms, approaches to assessing their success and the situation in Ukraine are described; on this basis, ways of overcoming the problems of inequality of access to opportunities are identified as a factor in the dynamics of European integration and economic integration;
- Deliberation was investigated as a factor of increasing the efficiency of public administration at the local level, its essence, peculiarities, stages, and constructive potential. The level of deliberation in the countries of the Eastern Partnership was considered; as a way to increase it the introduction of the concept of unified governance was substantiated;
- A methodology for assessing the social effectiveness of local development was proposed. The methodology based on data of

analysis of citizens' complaints and community assessments, based on an analysis of the normative and legal provision of socially effective local government activities;

- The role of the cross-sectoral partnership of public authorities and civil society organizations as a component of local development was substantiated, its substantive field and ways of overcoming the existing problems were determined. The role of cross-sectoral partnership in the Eastern Partnership countries and the role of civil society organizations in local economic development was systematized.

#### **4.1. Evaluating the Effectiveness of Neo-Liberal Economic Reforms in the Context of European Integration Processes**

##### *Sub-regional specificity of modern neoliberal reforms*

The totality of the vectors of the reformation of socio-economic systems and the general environment for their development give a clear idea of the prospects of success or failure of each individual reform in a particular country. After all, today's global world is not only economical. Public and political processes are interconnected with each other. Their local scholarly study cannot give objective results in terms of contemporary systemic, and research findings, in this case, will be distorted and formalized. Ukrainian reforms in these conditions cannot be considered apart from sub-regional peculiarities. Moreover, the boundaries of sub-regionality in the present world are probably situational.

First of all, it concerns Eurasia, which undergoes rather intense territorial changes. This once again confirms the position of the theory of new regionalism, Wendt A., who argued that the European, as well as the world, today is a fairly variable concept (Wendt A., 2015). Therefore, it should be understood as an intermediate link between the territory of the state and the boundaries of natural formations within it (for example, in modern Ukraine - these are regions and districts), as well as informal parts of the structure, that may be larger than the state. Today, these formations have identical roots: a general historical retrospective in the new time; they have experienced similar social and political impulses; they lie in the same geographic planes; they built a similar social infrastructure, economic tradition; etc.

It is about post-socialist and post-Soviet countries, key euro integration processes that are most clearly illustrated by the countries of the Eastern Partnership - Ukraine, Georgia, Moldova, and Byelorussia. They are somewhat different from the national-cultural point of view, but the

processes that are taking place in Armenia and Azerbaijan are close in terms of their new historical genesis (EU, 2009).

That is because precisely this period of time plays an important role in their development in the context of the subject of this research. It is common ground that the mission of all the neo-liberal economic reforms undertaken by the countries of the Eastern Partnership is, in large measure, to overcome the centripetal imperial attraction that they have felt for centuries. All these countries began to feel the new imperial colonialism much earlier - in the '20s and '30s of the 20th century (the post-Soviet countries), and after the Second World War (the countries of the former socialist camp). Consequently, in this part of the monograph, we will use the concept of „region” exactly for the post-Soviet and post-socialist countries of the Eastern Partnership, in view of the common historical and socio-economic events.

It is clear why the subject of the research is it: Ukraine is an organic part of this region, and precisely its environment has the greatest influence on the processes that are happening here. In addition, in today's geopolitical events, it is perhaps the key object of the influence of external economic interests. Such influences are characteristic of the countries of the region for a long time - in fact, it is in their field that the hot, cold and „hybrid” wars of poles in the world political arena are traditionally flaring. Today, in fact, this region, that extends beyond the borders of Europe and also lies in Asia, is the principal object of claiming the sole influence of each of the major political players.

Thus, neoliberal economic reforms that are carried out in post-Soviet and post-socialist countries not only raise the attention of international institutions but also demonstrate the vector of a global civilized choice of such countries. Even a significant variety of such countries as political actors (their elites), state and constitutional arrangements, forms of government, cultures and even religions does not prevent its proclamation.

In order to analyze the prospects for success or failure of reforms in the countries of this region, it must be recognized that all the reforms take place in a single common environment, that, in one way or another, has a decisive influence on the formation of the goals and objectives for each of them. This environment can be briefly described as a sharp return to the neo-liberal economic model, that is, to a comprehensive market economy, that alone determines any political outcome.

The countries concerned are identified with transitional economies. By the way, for some reason, it is the countries, that are being discussed, that are identified with transitional economies. By the way, for some reason, it is customary to talk about the „transition”. However, in reality, it is more

about „return“, because each of these countries in the early stages of its development (most of the post-Soviet countries until 1917, others - until 1946) - functioned in market conditions and they lived according to the market laws). The term „transition“ can only be used here figuratively, given the sign of action in the process of return, as well as in the sense that, in comparison with the model from, that they came out in due time, today's neo-liberal economy is deeper, more refined, more comprehensive and even tough. Of course, we are talking about economic globalism.

Moreover, it does not matter what sociological reasons and consequences of reforms we are speaking about, but in accordance to the words of the Russian opposition policy - B. Nemtsov: „Reforms begin where the money ends.“ Consequently, the initiators of reforms, if they not even explicitly declaring economic goals, in reality, the very economic result in the overwhelming majority is their real reform mission.

And, since we have recognized the economic component as a decisive characteristic of the reformist environment, the issues of importance, as well as the acceptability of reforms for different groups of people living in the countries of the Eastern Partnership, come first. Between them was and there are many who lost and won.

We can assert, quite rightly, that there is an inequality of the success of reforms. The fact of inequality has a direct bearing on the processes taking place in the Western world and in developed countries of Europe. After all, in order to judge success, we must accept its level „zero“, the basis with which we compare the achieved results. And this base is the state of affairs in countries that during their history did not depart from the liberal market model that did not survive collectivization, nationalization, imperialization, colonization, and many other shocks experienced by post-Soviet and post-socialist countries. And it is precisely this model we are returning, it is its indicators we take as a model.

*Approaches to the analysis of the success of reforms related to European integration*

Researching the success of reforms in relation to the base of European economic neo-liberalism, we must answer some of the key issues, in particular:

- What was the experience of individual individuals in terms of returning to a market economy in terms of income, life satisfaction, and even health?
- Who have benefited from the transition of the market to globalization? Who is losing?
- Whose economic opportunities today are the most limited?
- How to eliminate inequality of opportunities?

Thus, today's in administration reformist processes towards European integration, the main discussion should be devoted to the issue of inequality.

If we look at the last 27 years of the transition period (this is quite a conditional indicator, because some countries in the region began reforms in 1991, others in 1995, others in the early twentieth century, and still others give nostalgia for old times to reform) then of course, in general, in general, macroeconomic results: a) they are; b) they are quite good.

But can we still analyze the implications of reforms for each individual person? Obviously not. As a rule, for such an estimation, the „decile factor of income and consumption differentiation“ is used. It shows the income ratio of 10% of the poorest people to the income of 10% of the richest people within a single state (Keating M., 1998). Thus, we must analyze the effect on each decile of the overall result and draw the following conclusions:

- What brought the reform of the majority? Minority?
- Which minority is?
- Who lost or won from the reforms?

That is, in this case, we will be able to look not at the general indicators of the countries, but to reach further average figures.

First of all, we need to analyze such a complex parameter as „Life in a Transition Period“. In November 2016 The European Bank for Reconstruction and Development (EBRD) has issued a report on the transition process of the 2016-2017 model in Ukraine. We use the data of this report more than once in the following text of the monograph. Its results are based on a survey conducted by the EBRD among 51,000 households in 34 countries (29 countries in the region, plus Germany, Greece, Italy, Cyprus, Turkey) - 1,500 people in each country. Preliminary polls were held in 2006 and 2010. Asked: How do people refer to reforms? Do they consider themselves to be happy with life? Do they believe in a market economy and democracy? (VoxUkraine, 2017).

Such a format allows us to understand what deep processes are driving the reforms, which processes generate their opposition, which people are able to support them and form an effective opposition.

Of course, if we are talking about economic goals, then on the surface is the need to refer to such an indicator as „GDP per capita.“ But, given the versatility of the deciles, he is not able to show the real situation, in order to evaluate it, it is necessary to know its internal structure. In other words, it is necessary to differentiate the indicator and understand the essence of its

dynamics. To do this, consider the following parameters:

- 1) the growth of income in various layers of the population during the transition to a market economy;
- 2) the impact of the transition to the market on welfare (physical condition and subjective feelings) of people;
- 3) inequality of opportunities.

EBRD, in addition to the above, has defined access to financial services option. But, given that in Ukraine the financial services market, as such, is not formed, it makes no sense to consider it as a key parameter. In Ukrainian realities, the concept of „financial services market” should not be analogous to the domestic system of commercial banks: firstly, lending under 25-30% in a civilized world is not generally considered a financial service, and secondly, this system in 2015-2018 is undergoing such a chaotic reforms, that talking about it as an element of a stable financial market is not possible.

Returning to the key parameters, the main indicator from which to push away is an indicator of 44%. According to the EBRD, 44% of the population of the region (nationally) reduced, at least in part, the lagging behind the citizens of the developed countries of Europe and the West in terms of personal income growth for the 27 years we mentioned.

At first glance, this is a high result. But as we see, it's not the majority. Only 44% of emerging economies can say that their revenues grew faster than those of developed economies, that is, they were approaching the income of countries that never left the market. In this sense, if we were to hold a direct vote today on whether the reforms of the lagging behind of developed countries were reduced, we would not have won the majority and the vote on the reforms would produce a negative result.

Another important element is the distribution of wealth in this region. Who are this 44% of Ukrainians, Georgians, Moldovans who have benefited from reforms and are ready to continue? Is it poor, rich, or the middle class?

The number of very rich people in the region is well known. But the question lies in the specifics of these riches. About 60% of the stakes of billionaires come from raw materials, resource and regulated (in Ukraine, Armenia, Azerbaijan, and Moldova - monopolized) sectors.

In the developed countries of Europe and the West, that percentage is - only 13% (EBRD, 2018).

In this case, we must begin by considering a graph which, at first glance, has no direct relation to the transition economy, but has a direct relation to

the themes of the monograph - from the so-called „graphic - elephant“ of Milanovich. It shows the global distribution of income (that is, the income of the poorest 10% of people, 10% of middle peasants, and the richest 1% - „Top one percent“, as it is called Milanovich) (Milanovic B., 2018).

From this graph, it can be seen that the highest growth has reached the middle class. But what is the middle class on a global scale? The author claims to be a middle class in China and India. That is, people living there who have benefited greatly from economic growth reforms live there. There is no doubt that the countries that built the globalization - they have achieved a significant increase in living standards and incomes. The winner from the deepening of the market in the world distribution is also „Top one percent“.

But the „graph - the elephant“ says that the lower parts of the middle class of the Western countries in the last 25-27 years have not improved their status at all. And these are the people who vote for populists in develop countries. These people, whose jobs as a result of market deepening have been automated, or have moved to developed countries (the same China and India), are people who have not found a job or found less paid or poorly qualified work. And we see in this graph that the situation on the world scale is extremely unfavorable.

So if we just look at how the world's wealth has grown, then this will not give us enough information, so we need to look at the distribution itself - who won, who lost. And not only for the whole world, as Milanovich did. We applied the analysis of the „elephant schedule“ in order to confirm the thesis of uneven social returns from the deepening of the market (recall that this is exactly the mission of regional reforms in the countries of the Eastern Partnership) for particular segments of the population on a global scale.

We can build the same reproduction for our region. This is the „elephant of Milanovich“, but in the countries of our region, it is a bit different. For their vast majority, incomes grew slower than the average. Undeniably, they have all grown up, but with a pace for the poor in the 20-year-old retrospective - about 1% per year, and for the rich - by 4-5% per year. Moreover, this indicator includes all crises, recessions, recessions, and so on.

In the first years of the return to the market, in the 90's, only the richest 5% benefited from reforms, incomes of the 10% of the poorest people decreased significantly. The latter can also talk about the pain and suffering of the first years of reform - these factors are also important. And this is common to all Partner countries. The graph for these post-Soviet countries does not look like an „elephant“. He shows the following: to the question: „Did the income growth as a whole quickly?“, People respond: „Yes, in



general - quickly." But when we ask, how many people have increased their revenues by 70% (according to the general increase in the post-Soviet countries), then the answer will be affirmative only for the upper (rich) 10-15%. In the other 85-90%, incomes grew not so fast.

For comparison, in the countries of Africa and the Middle East, the situation is quite different in the sense that, for example, in Tunisia, the rich acknowledge that their incomes grew very slowly, while the poorest report a rapid increase in incomes. In Georgia, the middle class (that is, 80%) saw a fairly strong growth in their own income throughout the reform period. In this sense, only Georgia is a typical example in the literal sense of inclusive growth following the effects of reforms («Forbes», 2016).

The graph in Ukraine shows more negative regional indicators. And although Ukraine also shows inclusive growth, it has extremely negative traits. The graph does not indicate a rapid increase in inequality, such as in Russia, the situation in which is typical for the region as a whole. But in Ukraine, the worst thing is that all without exception of the population group reported declining level (values) of their incomes.

Despite the growth of absolute incomes, felt by the poorest people (8%) and the richest 15%, the Ukrainian middle class felt deterioration in its wealth and showed an increase below the average. This fall is so great that it formed a negative average for the state, and even the first two categories in this background worsened the „value” of their income, which we talked about. That is, a huge loss from the reforms of the middle class rejected the whole of society as a whole for the „zero” mark of reformist sympathies.

This testifies to extremely unhealthy processes in the Ukrainian economy. On the one hand, its the influence of the oligarchs takes place, and on the other hand, the fight against poverty is carried out according to the distorted „Robin Hood Principle.” The state carries out extraction not in the rich, but in the middle class, which is the main taxpayer. As a result, his impoverishment gives a negative effect - of course, that his legal tax revenues are constantly decreasing and the income of the poor is, accordingly, also. Ukrainian „Top One percent” does not take part in this process and remains to the side of the redistribution of national wealth, only accumulating it.

Returning to the questions: a) comparison with the period of the beginning of reforms; b) comparison with the base - the level of development of developed countries of Europe (EBRD in its report brought them to the G7 countries, we see that in 100% of the Ukrainian population, real incomes have been falling steadily since 1989. The same situation is only in 2 countries Europe - in Serbia and Montenegro, as well as in two of the three Partner countries - in Ukraine and in Moldova, and 96% of Tajikistan's

population and 89% of Georgia have shown a decline in incomes from that moment.

If we are talking about other post-Soviet and post-socialist countries, then in Kyrgyzstan (100%), in Kazakhstan (95%), incomes grew at the level of developed countries for all categories of the population. Interestingly, in Moldova the same situation (at 100%). In Belarus and Poland, which in 1989 began with the same indicators as Ukraine, 100% of the population reached the G7 ahead of their own income growth (Temesgen, 2011). That is, the regional 44% of which was discussed earlier, was achieved mainly due to the extreme extremes that showed such post-Soviet and post-socialist countries like Armenia, Poland, Belarus, Turkmenistan - primarily Slovakia, Uzbekistan, Slovenia - to a lesser degree. All countries in the Middle East also show income outpacing in comparison with the G7 countries.

#### *The situation in Ukraine*

Unfortunately, Ukraine was at the end of the „list for advancement“, reducing the incomes of all categories of its population in comparison with 1989.

If you will ask any person in Ukraine: „Inequality increases or not?“, Almost all of them will say: „Yes, it grows.“ But the EBRD in its time asked this question not in comparison with communist hours, but in relation to the last 5 years (EBRD, 2018). Interestingly, in all the investigated countries, people gave an affirmative answer. Only Tajikistan responded that inequality has declined, but we understand that this is only a consequence of some small movement of this country from the age-old clan-tribal way of life, when inequality was felt to be particularly acute.

If you look at official statistics (on the Gini coefficient, which shows the gap between the richest and the poorest, for example), inequalities deepened in 50% of the countries of the region and increased by 50%. That is, there is practically no correlation between subjective perceptions of reality and real numbers. By making a correction to the fact that official statistics usually do not cover a large number of very rich and very poor people, we can conclude that:

A) or people get a distorted information picture from the media, or when populists come up with negative (or hurray-positive) false signals during their political games;

B) or we just do not know how to measure inequality. Our consciousness is influenced only by a contrasting picture with homeless in parks and

billionaires on TV screens.

But in any case, the gap between reality and subjective perception of reality (in the 99% imposed by the information market) plays a very important role in the issue of support or opposition reform.

As for Ukraine, the Gini coefficient, oddly enough, shows statistics on the reduction of inequality by as much as 2 points. But this is a consequence of the same general overall decline in income, and not the consequence of domestic economic growth, as we would have hoped. We have the same coefficient in Romania, but this is indeed a consequence of a successful redistribution of national wealth that has occurred as a result of reforms. Moldova (as well as Armenia) shows a significant equalization between the incomes of the rich and the poor. By the way, in these countries, the senses of people completely coincide with official statistics.

In the region, billionaires are more in relative numbers than our share in global GDP. It seems to us that this has always been the case. But, not surprisingly, in 2002, the wealth of billionaires was 2 times smaller than the fate of the region in world GDP. But this is not the main thing. The main thing is that our region stands apart from other sources of wealth. Forbes, only 1% of the group earned their innovation wealth (15% in emerging economies and emerging Asian countries); 30% - in the financial sector (this indicator is typical for most regions except South America, where it is slightly smaller); 8% - in the field of trade (in the vast majority of countries it is 30%); in agriculture - only 0.8%. And 55% of billionaires have earned their wealth in the raw materials and regulated economy sector (Forbes, 2016).

If we would be asked the Ukrainians how much they like what is happening in the state, how much they support the market economy and democracy, then we will see that: first, they combine these two questions; and secondly, they associate their problems with excessive concentration of wealth, which leads to the impoverishment of the major masses. Meanwhile, the concentration of wealth, inequality and poverty are quite different problems. And in them, of course, different solutions.

So, if we talk about profits, in the vast majority of developed countries, they are a result stable of tax seizures, and we have only added the value of natural resources and commodities. Income-related income is at a level of „Top one percent“. If such a concentration is not restricted to state institutions (through its taxation), then sooner or later the economic „giants“ will pretend to be first to influence the media space and then to political elitism. Today in Ukraine, in fact, we observe the consequences of the absence of such restrictions and the weak attempts to introduce them. Why can it not be done? We believe that the key subjects of reformation are

the product of the same uncontrolled income concentration, which, in the same natural way, went into the category of political elites. The French proverb says: „Est pas coutume pour eux-mêmes leur” („Do not offend yourself”). That is, the way to overcome the problem of excessive concentration of wealth that is detrimental to the reforms lies in the unbiased political will to restrict them through extraction and further redistribution in order to overcome poverty.

And unlike in the current situation in Ukraine, the middle class should for some time be outside such seizures, because by its very nature it is capable of „self-sustaining” and for the economy during the reforms of its growth is unquestionably advantageous. That is, it is logical to conclude that strong state institutions in the modern world are able to overcome the pathology of resource super-profits.

*Overcoming the problem of inequality of access to opportunities as a factor in the dynamics of euro integration and economic integration*

So, to overcome income inequality in the world today is not possible. But to speak in the first place is not about their inequality itself. The key and harmful is the inequality of opportunities to receive such revenues. Overcoming inequality in opportunities is a necessary and feasible way. And the only way to solve the problems of inequality of access to opportunities is to reform public administration. People believe that the quality of management is inversely proportional to the concentration of wealth. That is, the higher the concentration of wealth, the greater the (in proportion to the size of the gap) negative influence can make rich people in the political and economic processes in the country, changing the rules of the game in their favor and getting unjust from the point of view of the society income. Thus, on the surface lies another conceptual conclusion: the quality of public management directly determines the quality of opportunities.

Now let's return to the question of how the transition to the market has affected the well-being of people. Traditionally, we use 2 parameters - subjective perception (whether they are satisfied with life) and objective - here the EBRD first used an unexpected indicator of human growth. Meanwhile, in the development economy (the science of economic development) there are well-established facts that children who encounter in the first 2-3 years of life with difficulty grow not as high as their genetic parameters allow. And only now we can use this indicator because only now, children born in the transition to the market fully reached their physiological maturity and stationary growth. That is why, in such an indirect, but objective way, we can measure the impact of reforms. And

here is what the research showed: on average, people born at the beginning of the transition process at 1cm are lower than those born before or after the reforms.

Of course, 1 cm - this is not very much, but according to the canons of development - this is a very significant indicator. By the way, people who at various times were born during the period of different wars are also smaller than the others at 1 cm. This proves that, no matter how sharp it sounds, the physiological impact of reforms on a newborn person can be compared with the impact of military events on it. At the same time, the children who grew up in families where parents had higher education suffered less than those parents (more precisely - mothers) who were poorly educated. People from less educated families have suffered more and their growth has decreased more than an average of 20-25% (VoxUkraine, 2017). In this sense, it can be said that the reforms have affected them more negatively.

This is natural since they were basically low income and less access to workplaces. But at the same time, as in any sociological process, there is a positive side. Strangely enough, people who live in transitional economies are no more miserable than others. If 10-15 years ago people living in transition economies considered themselves more unhappy, than people living in other economies, but with the same level of income, now the situation has changed dramatically. Thus, for the first time in 25, years it can be stated that in the vast majority of post-Soviet and post-socialist countries (except for Russia, Azerbaijan, Montenegro, and Moldova), the negative effects of dissatisfaction with life through the aftermath of the transition period - overcome. In addition, people born during the reform period have more opportunities for education, careers, and entrepreneurship. In this sense, it is not surprising that they feel more satisfied with their lives.

Except in Ukraine, where 27% of citizens who previously considered themselves to be happy show a decrease in their level of satisfaction. This is the most negative indicator (given the level of income and livelihood) among all countries in the region. In the mentioned Azerbaijan, Montenegro and Moldova, although the level of dissatisfaction with life has increased, the incomes have risen equally proportionally, as opposed to Ukraine, which shows a decline in both positions. The econometric analysis says the same. When we look at countries not at the individual level, we find the same results.

Now, in fact, the inequality of opportunities. In today's world, revenues are directly related to access to education. At the same time, in most countries, the salary increase associated with higher education is 30% of income. For

4-5 years when higher education is a good indicator. In developed countries, this surcharge reaches 40-50% (Keating M., 1998). That is, access to education, dictated by income, gives access to the income itself. As we see, in the classical liberal economy, having received income by birth (based on the level of education of parents), a person ensures its growth almost automatically for himself and for his descendants, walking along the same path.

But the fact is that about 20-50% of income inequality in the countries of the region under study is due to the circumstances of birth. In practice, gender, social origin, ethnicity, place of birth and/or parental characteristics are important for access to opportunities. Such negative tendencies are most characteristic of the countries of the region under study and are not inherent to the „old“ liberal economies.

Why are we bothered by the inequality of such access? First, the contemporary society thinks it unfair. Deeply market-oriented countries preach the idea of equality of access. In a sense, this is a „rule of good tone“ for the whole civilized world. In addition, birth constraints may weaken the support of key economic and political institutions that support democracy - this is not a very important factor. In spite of its subjective nature, the aspect of injustice is extremely objective. If people see that the system works unfair, they will oppose the current political course and, accordingly, will not vote for the reforms preached by its representatives, or even rebel against injustice. In this sense, socio-economic processes are not predictable and can at least lead to static instability of the system; as a maximum - before its loosening, or even collapse.

Secondly, in terms of the market, inequality is trivially ineffective: people cannot fully realize their potential and provide full employment of the resource that is necessary to achieve economic equilibrium. Low income in the commodity and financial markets reduces both demand and supply, and therefore, reduces the efficiency of the market.

In Ukraine, with 27% of the Gini index (Income Inequality Index), 12.7% due to inequality in birth circumstances is almost half, and in Moldova - 75% of the index. Of the countries with the same index, in Hungary, it is 11.8%, in Greece - 11.5%, in Bosnia, 6.3%, Georgia - 6.8%. That is, in its index group, Ukraine occupies the second (after Moldova) place, indicating a significant impact of births on income access.

From what does the inequality of opportunities depends on? In the studied region, this is determined by two key parameters. The first place is the education and social status of parents. If we talk about Ukraine, Georgia and Moldova, then we confidently add the factor „whether they were members of the Communist Party“ - at that time, it determined

membership in the elite); in the second place - gender.

In Ukraine, the first factor is the overwhelming part of the Gini index. The second - only 0.02%, unlike in most post-Soviet countries. For example, gender inequality in Georgia is 0.8%, in Russia and Belarus, it is 0.04%, not to mention the countries of the Asian space. Instead, in Ukraine and Moldova, there is a slightly larger factor in the place of birth (village/city). In both countries, it is about 20% (EBRD, 2018).

As conclusions to this subitem, we will define the following theses. The transition to the market in the Eastern Partnership countries was accompanied by serious difficulties. In subjectively, they were expressed so that people born in the period of Neo-liberation of prices on average have 1 cm smaller height. To date, in the period of the debate on the choice between a new wave of neo-liberalization and a turning-point in regulation, the gap in living standards between former socialist countries with the same income level has finally been overcome. Almost half of the region's population has personally reduced the lagging behind of the G7 countries from the point of view of personal income.

But far from all countries have reduced this gap, Ukraine among the outsiders and the gap for the vast majority of its citizens has deepened. In spite of the fact that the lagging behind developed countries on average decreases, the benefit from the transition to the market is unevenly distributed. Inequality has grown significantly from low levels in the early 90's of the twentieth century.

With the birth of relative transparency in the amount of personal wealth (2016-2017 gg.), The Ukrainian society sharply raises the issue of redistribution of income. Such a requirement is demonstrated in the background of the fact that the vast majority of these riches are considered by the social world to be extracted in an unfair way.

The redistribution of incomes currently being made in Ukraine between the poor and the middle class should be organized in a different ratio: as a redistribution between the rich and the poor. The middle class should be urgently exempted from excessive seizures since it is his representatives who form the bulk of national income. Particular attention should be paid to reducing the inequality of opportunity by expanding access to education, having previously solved the role of education as a factor in income. Access to education should become a prerequisite for access to income. This can help to solve the problem of the economic success of modern management reforms. Such a way will help to neutralize the negative consequences of the initial stage of neo-liberalization of the economy in Ukraine and give the impetus to their positive trend.

## **4.2. Deliberation as a Factor of Improving the Efficiency of Public Administration at the Local Level**

*Deliberation: essence, peculiarities, stages*

The essence of deliberation is reflected in the etymology of the term. So, it comes from the Latin „deliberatio“, which literally translates „discussion“, „reflection“, „thinking“. There is no unambiguous translation in the languages of the Slavic countries, the totality of faces reflecting the word-matching reveals the complexity of the content of the concept. One of the main prerequisites for the intensification of deliberation processes is the presence of a developed civil society in the country. On the other hand, it is not necessary to keep aside the role of public authorities, their openness, transparency, sociability. Accordingly, one can distinguish the following types of readiness for delegatory processes:

- unformed civil society, mostly passive and public management system of the closed type (rather the system of public administration, since the language is not open and public participation);
- a poorly formed civil society with a small number of public institutions, with a slow pace of development and a relatively closed public administration system;
- an active civil society and a relatively open system of public administration;
- developed and active civil society and an open system of public administration.

Reflecting the degree of formation of civil society in this Bifurcation with the level of openness of the public administration system, we note that an extremely rarely active, developed civil society will coexist with a closed system of public administration. The level of readiness for a constructive dialogue between the public authorities should match or be ahead and stimulate appropriate capacity in civil society. Provided that this level does not correspond to the public request - social contradictions are aggravated, the level of trust in power decreases, protest moods increase, sometimes radical consequences in the form of revolutionary manifestations are possible. In accordance with this, the stages of deliberation processes reflect the role of the public sector in public administration. Thus, it can act:

- an object of management (in the passive role);
- an object with elements of subjectivity (subject to weak communication);
- a subject of management (in an active role).



The main component of deliberation is communication. It is on the basis of broad dialogue communication and implementation of coordination and coordination between two public sectors that we can speak about democratization and deliberations.

The first of the delicate steps by the public administration bodies is public consultation through the use of various means:

- polls, questionnaires, online consultations;
- formation of competent public opinion through holding forums (D. Yankelovich);
- study of „enriched“ public opinion (JS Fishkin);
- creation of advisory and advisory bodies at public authorities (especially relevant for local self-government bodies).

Despite the fact that such a kind of interaction is often formally applied, its role in ensuring the effectiveness of public administration is extremely high. Yes, it is the advisory forms that can be used to bring the content of reforms in line with the actual activities of local self-government bodies, real needs of the population.

An important aspect is a stage at which representatives of the public are involved:

- preparatory (stratification of priorities);
- molding (definition of the content of activity);
- realization (introduction of transformations)
- monitoring and control (conducting constant observation and realization of correctional influences during the process of introduction of transformations);
- estimating (comparing real results with declared goals and existing needs and interests).

According to each stage of the form, means and tools for defining and taking into account public opinion will be different.

In the end, it is precisely deliberation that makes it possible to turn the state into a service model, where the needs and interests of citizens serve as a „filter“ of managerial influences.

#### *Level of delineation in the Eastern Partnership countries*

The intensity and effectiveness of communist-power communication depend to a large extent on the level of trust in the authorities, which is closely linked to the level of corruption in the country. Thus, one of the

integral indicators reflecting the level of reliability in the country can be considered the Corruption Perceptions Index (Transparency International), especially considering the complex system and the considerable amount of criteria that are taken into account. The calculation of this rating takes into account both the openness and transparency of the authorities and certain indicators of the formation of a civil society (attitude towards corruption, participation in it, etc.). According to this rating, among the countries of the Eastern Partnership, the best results show Georgia, taking 46th place, but it does not show the positive dynamics. Ukraine occupies only 130, and Moldova - 122 positions out of 180 places in the rating (Corruption\_perceptions, 2017).

Being in the ranking almost near, the positions of Ukraine and Moldova are quite similar, while with the Georgian achievements - much distant. Indeed, a significant part of the reforms that have been successfully carried out in Georgia has given a strong impetus to modern development, but the success of the reforms at their initial stages was created by a credibility loan provided by the population to reformers. In the context of the reforms that are clearly traced to the delegations of the trend:

- public participation in the establishment of national taxes and the possibility of increasing them only after the results of the referendum (2013);
- involvement of young specialists on the basis of a transparent competition for public service;
- introduction of elements of e-governance;
- simplification of formal procedures, conducting evaluation surveys on the quality of services.

In the process of decentralization, the countries of the Eastern Partnership actively pursue delegatory tendencies. Thus, the level of advisory participation of citizens in the life of territorial communities (local level) is considerably higher than the national level, and with the increase of powers of local self-government bodies, the role of residents in the development of their settlement is prohibitively increasing: from the solution of the simplest current issues of the life of the territory and even to the provision of capacity settlement, and as a consequence of the whole country.

Let us dwell a little more on the really available instruments of deliberation existing in the Eastern Partnership countries.

Taking into account the fact that by 2014, 41 out of 71 Georgian municipalities numbered more than 30 thousand inhabitants, they could be characterized by negative positions from the point of view of public

participation and processes of deliberation. The activity of participation of the population in the life of the local community is inversely proportional to the number of active participants, the level of trust in the authorities tends to decrease, which negatively affects the level of trust and the ability to attract local issues of public interest to the local community.

The forms of public participation and the key instruments of deliberation in the municipalities of Georgia are:

- publication of draft decisions and documents of local authorities on the site on the Internet;
- the openness of meetings of collegiate bodies of municipalities for public participation and public visit, provision of this necessary number of technical means, the opportunity for those present to participate in the discussion, ask questions;
- participation of representatives of the public in the work of commissions and working groups;
- reporting (at least once a year) of elected officials for the work done to the municipality, publication of the meeting date and 10 days - the report materials;
- the work of municipal public councils in the organs of local (municipal) self-government;
- the activity of councils of civilian advisers (representatives of public and business sectors);
- convocation of a general meeting;
- functioning of mechanisms of self-organization of the population for the improvement of the population of the territory, conducting mass charitable and volunteer actions, etc.;
- petitions and electronic petitions (signed by 1% of the population): in the form of a draft normative-legal act of local importance, proposals for such an act, or making publicly important issues for a settlement for discussion by the authority; the possibility of convening an extraordinary session of the council to resolve the urgent issue;
- initiating a shift from the position of local heads.

In defining the typical features of delegatory processes, we pay attention to the fact that despite the considerable range of instruments available, there is a potential ability to implement communication through their use in a small number of inhabitants of the country. So, taking into account the latest trends in the implementation of e-governance, Georgia is also widely used in deliberation activities, however, significant internal intrastate imbalances are hampering the effectiveness of the use of these instruments.

Much of the population lives in the periphery, which is usually less developed than large cities. Only half of the inhabitants of rural settlements use the Internet, which deprives them of the practical possibility to use the existing advantages of e-governance. Therefore, we can conclude that a significant part of the above-mentioned instruments is only relatively active in a limited part of the territory. Despite our wide range of different tools, in our opinion, citizens are still objects of public administration with only certain signs of subjectivity, although the available spectrum of various forms of communication creates preconditions for successful deliberations in the future.

As far as the experience of the Republic of Moldova is concerned, there are also separate instruments of deliberation:

- public hearing;
- public consultations;
- informing citizens, the right to request information;
- Publication of draft decisions on the websites of government bodies;
- holding public meetings;
- public reporting on the transparency of decision-making, reflecting the number of consultative meetings, proposals received (considered and rejected).

Taking into account the fact that the extension of the range of advisory tools serves as a platform for deliberations, we note that the range of relevant instruments is sufficient to effectively coordinate the efforts of the public and civic sectors. At the same time, the inclusion of citizens in the use of the prospects opened by these methods of communication is rather slow, which determines the country's classification of the level of deliberation, where the public is still the object of governance, with a small number of signs of subjectivity.

Starting an analysis of the situation in Ukraine, it should be emphasized that from 2014, decentralization reforms are actively being implemented, which are accompanied by deliberation processes, as evidenced by the positive tendency of the level of trust of the inhabitants of the communities to representatives of local self-government bodies: over the three years 12% more population began to consider that their participation in the management of their own territory and advisory interaction is fruitful, and the authorities listen to them.

The range of deliberation tools in Ukraine is quite wide:

- an appeal of citizens to the authorities (complaints, proposals, statements);

- request for access to public information;
- participation in public hearings;
- petitions and electronic petitions;
- a general meeting of citizens;
- local initiatives;
- public discussion of draft decisions of the authorities;
- interviews and online surveys;
- meetings with representatives of local authorities (deputies, local chairmen, senior officials).

Thus, despite the existing range of instruments, as well as the two previous countries, Ukraine is still a country where the public is the object of administrative influences, with only certain elements of subjectivity. This can be clearly illustrated by the results of relevant surveys.

So, a sociological survey conducted by the Razumkov's Center in 2017 among the population of Ukraine showed a catastrophically low level of public confidence in public authorities: almost 70% of the population do not trust the central authorities, however, among public authorities, the highest level of trust is to the bodies Local Government. This is due to the fact that elements of deliberation at stages from formation to the evaluation of actions of local self-government bodies are the most developed, and the authorities themselves are as close as possible to the public.

Despite the fact that the local level has the largest public confidence loan, one of the most striking illustrations of a lack of level of debilitation is the results of a study conducted by the Association of Ukrainian Cities with the assistance of Norway in 2017, 63% of Ukrainian citizens agree with the fact that local authorities put their own interests higher than the interests of the community, and 62% do not trust the promises of local authorities, 79% of the population believe that they cannot influence the decisions of local authorities, the ability to interact with representatives of local from 2 to 20% of citizens used it (depending on the form of communication), while only 17% of the citizens took part in the general meeting. By the level of trust, the mayor, the local council and NGOs lead the second position.

A key reason for their passive public position, a third of residents of settlements call the low effectiveness of such interaction.

As you can see, distrust of the authorities creates skepticism among the population of both the whole country and a separate settlement. Such a situation leads to the passivity of citizens, when, despite the presence of a significant number of potentially effective communication channels, real communication is almost non-existent. In fact, it is difficult to solve this

problem because it is similar to a „closed circle”: on the one hand, due to the low level of public confidence, it does not want to actively participate in communication with authorities, and on the other hand, without such communication, the latter will not objectively respond to the needs of the population, which will only aggravate distrust.

*The constructive potential of deliberation for the development of public administration at the local level*

Actually, the main task of debilitation is to maximally involve as much as possible the majority of the inhabitants of the settlement in the management process. What practical benefits will this bring to improve the effectiveness of local development and local governance?

First, it will ensure that the real needs, and interests of the community and the course of development chosen by the managers will be met, which will enable the language to speak not only about effectiveness but also about social efficiency, service and sensitivity.

Secondly, it will significantly affect the level of trust and community participation in the life of the territory: public, charitable events, an organization of various events, increase of the number of local initiatives, initiation of participation in grants and contests of modern development projects.

Thirdly, all this will amount to a significant territorial capital: human capital (the possibility of self-realization within the territory will contribute to its quantitative and qualitative growth), money capital (attracted by the grant, sponsorship and own funds from self-taxation of community residents).

These three aspects are not the only practical direct consequences of deliberations but reflect their creative nature. Based on both the analysis of developments in Georgia and the Republic of Moldova and on the Ukrainian experience, we will distinguish certain delegatory patterns that are manifested at the local level:

- with the increase of the settlement deliberation processes are introduced and complicated, the activity of citizens decreases;
- the lower the level of transparency and openness of the authorities, the lower the constructive activity of the inhabitants of the community;
- the passivity of the local community stimulates the reduction of the effectiveness of public administration at the local level.

By analyzing the deliberations of the Eastern Partnership countries, we paid a lot of attention to those instruments that were initiated by the public party and are enshrined in the relevant regulatory acts. However, the question of the effectiveness of use depends on two important factors: the willingness of the authorities to communicate with the community and the activity, community initiative. Moreover, the actual readiness of the first can be estimated only if the actions of others is present. As Ukrainian sociological surveys have shown, the level of such initiative is rather low, and less than one-fifth of the country's citizens are actually involved in at least one of the types of public-communicative communication.

However, debilitation involves the transformation of the public into the subject of public administration, full, and sometimes also the manager. Speaking about advisory interaction, it was more about coordination, but the subjectivity of citizens is not only a coordination, but also a reorientation, in particular, such a kind as reverse submission. The peculiarity of the practical implementation of this type of reorientation can be attributed to a qualitatively high level of deliberation. Yes, the public will dictate to the local authorities the development path of the settlement, will act not only as a supervisor, controller or silent participant and a generator, initiator of development projects.

Local initiatives are the most striking form of encouraging the community to become the „creator“ of the future and present of their community in Ukraine: in a transparent contest, inhabitants of the settlements have a practical opportunity not only to self-fulfill but also to make a better life for the inhabitants of their village/ town/city. Such projects are initiated, too, by the public side, however, creating the basis for community activity. So, thanks to local initiatives:

- innovative and creative projects are implemented;
- inhabitants of the territory gather together;
- the community is activated (they are included in the discussions, especially those directly concerned with the further implementation of the initiative);
- disseminated groups of interests based on polygon communication are consolidated for community development;
- creates a unique social infrastructure of the settlement;
- the growing number of people (in the case of rural settlements, it is particularly relevant, given the urbanization and aging of the village).

The practical benefits of such a process can not be overestimated, they may also vary depending on the content of the initiative.

Before that, we considered only positive forms of communication that have no destructive elements and are based on building a dialogue in a stable situation. However, the advisory function of the population of a territorial unit can be realized not only through positive forms. In particular, given the low level of public confidence in the government, especially at the local level, it can stimulate dissatisfaction with managerial influences and exacerbate protest attitudes. The expression of a public stance in the form of a protest is a negative form of communication, however, it has a significant potential for solving urgent problems. Thus, communication in the form of protest serves as the basis for deliberation in public administration, because:

- prompts a dialogue between the public and the public sectors, as a result of which it becomes a constructive dialogue and leads to a solution to the problem that was the cause of dissatisfaction;
- activates the initiation of various polls by the authorities in order to monitor public opinion, cooperation with civil society, involving its representatives in solving local issues;
- produces the steady interest of broad public circles in the actions of the authorities, acts as a catalyst for the implementation of public control;
- forms inhabitants of the settlements a clear sense of involvement, significance and influence in solving local issues, and, consequently, activates future participation in community life;
- creates the basis for expanding cooperation between local authorities and the public.

*Implementation of the concept of united governance as a way to increase the level of deliberation*

In the end, for the Eastern Partnership countries that chose the Eurointegration vector of development, the practical implementation of the innovative experience of public administration is extremely important. Thus, the issue of deliberations, the subjectivity of the public in public administration, and the achievement of the synergetic efficiency of the management process is reflected in the framework of the innovative concept - uniting or united (joined-up) government. Public administration of Belgium, Bulgaria, Czech Republic, Spain, Italy, Sweden, the Netherlands, Great Britain is based on the use of elements of this concept. (Joined-up governance, 2018). In essence, this concept implies not only the interaction of the authorities of different levels of government but also the broad circles of society, the erosion of the formal boundaries between them



in order to achieve the common goal - the sustainable development of its territory.

In our opinion, the main vector of transformations within the framework of this concept is to ensure the free circulation of information, both in the form of simple information, access to public information, the format of open data, and on the basis of reciprocal information flows from the public in the form of petitions, appeals, initiatives, etc. It is also important and relevant to allocate resources and responsibilities. It should not be forgotten that advisory communication is necessary not for the sake of communication itself (that is, in order to inform the public about the discussion of the draft normative legal act, or to reflect the number of processed requests and requests), but in order to achieve the common goal of sustainable development territorial community and achieve social efficiency of public administration both at the national and local level.

The practical experience of European countries convincingly suggests that the implementation of reforms based on elements of the concept of united governance will enable:

- to increase the effectiveness (by achieving synergy effect from attracting a significant number of actors representing the interests of all three sectors);
- reduce the number of mistakes (the public sector at the expense of delinquency tools acts as a „filter“ of management impacts);
- to provide innovative development of the territory (activation of public participation in the framework of local initiatives is often innovative in nature, which broadens the potential for self-realization of individual individuals and the sustainable development of the entire community);
- to increase the level of trust to local self-government bodies (due to personal involvement in the development of the territory).

Summarizing, we note that the results of deliberations in the countries of the Eastern Partnership can be observed today. In the process of decentralization, human settlements and local authorities focus on growth prospects and opportunities for development, provided that local issues are expanded to solve them. At the same time, the majority operates precisely with the need to solve urgent problems that are already overgrown in the community, and the public, for its part, provides a much larger loan of trust to representatives of local authorities and is ready to virtually engage in solving existing problems.

Deliberation is one of the topical factors in improving the efficiency of local government, as it ensures the involvement of every inhabitant of the

territory in its life and development as a single organism, where there is no clear distinction between the authorities and the community.

The typical tools of deliberation and the tools available in the countries of the Eastern Partnership are analyzed the application of a special type of interviewing is based on the concept of competent public opinion and the study of „enriched” public opinion. Such forms of interview contain certain elements of the Delphi method, but the inhabitants of the settlements are experts there, and using such forms of surveys it is possible: to ensure satisfaction of the needs and interests of the majority with the maximum consideration of the interests of the minority; to clearly reflect the process of working out a solution, and therefore to ensure transparency, ultimately, to include a wide circle of citizens in order to discuss important issues for the village and to interest them in a constructive dialogue in the future.

Deliberation contributes to the acquisition of subjectivity, in the classical sense of the object of control, the population of a territorial unit. This, in turn, increases resource capacity, expands innovative and creative potential, promotes self-organization and increases the competitiveness of the territory. Relying on world experience, we note that the concept of unified governance is now relevant, which involves the consolidation of efforts of all actors present in the territory and at all levels of government. Therefore, one should consider deliberation as one of the most important ways of developing a settlement and the country as a whole, to expand and enrich the available spectrum of tools, to stimulate community activity, and to manage managers to respond to the challenges posed by the influence of deliberation.

### **4.3. The Social Effects of Local Development**

#### *Methodology for assessing the social effectiveness of local authorities*

The main source of information when assessing social efficiency should be the opinion of consumers of social and administrative services – as the implementation of their constitutional right to participate in the management of public affairs (John C. Thomas, 1995). Therefore, work on the assessment of social effectiveness should be based on surveys of local residents based on a system of criteria developed in the main spheres of life of the territorial communities.

The assessment of the managerial effectiveness of the activities of the subjects of the system of local self-government should be based on statistical data of budget expenditures for the maintenance of social infrastructure objects and local development authorities and comparative calculations of actual costs with optimal. Addition of a qualitative

assessment of the effectiveness of integration processes and reforms made by national and European researchers, the results of quantitative research carried out by the authors of this monograph, will allow proposing recommendations for improving the effectiveness of local development and reforming public administration in Ukraine in the context of its European integration processes.

In the modern policy of reforms, it is declared the strengthening of the orientation of the activities of public authorities at all levels to maximize the full satisfaction of the needs and interests of the population. However, in practice, this declaration is not sufficiently nor normative, nor methodically, nor organizationally.

The particular importance of increasing the social efficiency of the activity of public authorities becomes in the conditions of decentralization and implementation of local self-government reforms in Ukraine, the main objective of which is to improve the quality and accessibility of social and administrative services for the inhabitants of territorial communities. Under the social effects of the public administration bodies, this study refers to the effectiveness of the managerial influence of bodies and officials of territorial communities on meeting the needs of the inhabitants of these communities. After all, social efficiency is not only a synergistic result of the activity of various subjects of influence on community development but also a source and means of their further development.

The basis of the methodology for assessing the effectiveness of local development authors of this monograph laid the method of social diagnosis, developed by A.S. Krupnik (A. Krupnik, 2010) and V. I. Brudnyi and implemented by the Odesa Institute of Social Technologies in the process of public administration of local development (A. Krupnik, 2011) and in the educational process at the ORID NAPA under the President of Ukraine. As well as a methodology for assessing the social effects of management activities of local self-government bodies (author – Professor ORID NAPA under the President of Ukraine S.E. Sakhanenko), based on a combination of statistical, sociological and expert analysis methods.

The developed approaches and recommendations are also based on the results of a 2017 survey of the social effects of the various levels of Local Governments (LG), in particular village and village councils, their executive bodies, village and village heads, rayon and oblast councils and their bodies operating on the territory of Dobroslavska, Kalinivska and Cordona Local communities (LC) of the Liman district of the Odessa region.

Assessments of the social effects of the management of the MoE bodies in the studied LCs were quite high, which indicates a relatively high level of

trust of the inhabitants of these communities to the village and village councils and their leaders.

At the same time, the level of legal and organizational clearance of the activities of the bodies of the communities under study was quite low. First of all, this is due to the lack of LC charters in all communities, the lack of development strategies in rural LCs, the incompleteness of the regulations and regulations of the relevant bodies and job descriptions of workers.

In particular, the texts of the regulations combine the rules that are inherent in the regulations of the representative bodies of the Ministry of the Interior and the regulations of their executive bodies. Most of these documents, instead of the development of these norms in procedural forms, mechanically duplicate the provisions of Ukrainian legislation on the activities of the bodies of the LG. The regulations contain virtually no provisions on the planning of the work of the LG and the organization of their interaction with the LC, as well as rules on public participation, work with documents and control over their implementation.

The assessment of the social effectiveness of the activities of the LG bodies in terms of meeting the basic living needs of LC residents as users of administrative and social services has shown that the average level of satisfaction of the entire complex of these needs within the three communities, which is 69.2%, was slightly lower than the expertly established limit of normal state community development (70.0%), which testifies to certain signs of pre-crisis state in the environment of investigated LC.

The local authorities assessed the activities of the EOR bodies and officials operating in the territory of the investigated communities in fulfilling their social tasks as generally satisfactory. According to the interviewed local experts, village and village heads are best suited for their functions, and the worst is the regional council.

Representatives of budget institutions evaluate the activities of the LG and officials lower than all other representatives of the government, businessmen and community activists. Although at the same time local budget experts were the least informed among the rest on most of the questions they asked.

The needs of residents in areas such as theft protection, conditions for entrepreneurship development, the range and price of drugs and the quality of roads outside of settlements were the least satisfied.

Almost 40% of local experts surveyed believe that the issue of planning and allocating budget resources is decided by community leaders only in the circle of deputies - without public participation, and 9% of them believe

that even deputies are not involved in the resolution of budget issues.

About 40% of respondents believe that there are social conflicts in the investigated communities, and the vast majority of them are on a domestic basis.

Three-quarters of local experts consider Saturday mornings and towels as well as general meetings and stairs of residents to be the most effective forms of public participation. More than half of respondents share the opinion that village and village councils are interested in how satisfied are the needs of the inhabitants of the respective communities.

Approaches used in conducting this research can become a clear example of the practical application of these authoring techniques and provide an opportunity for their further improvement.

The assessment of the social effectiveness of the activities of local public authorities according to the level of satisfaction of the basic needs of LC residents and the development of recommendations on ensuring the proper social efficiency of these bodies on this basis is carried out by expert survey of LC representatives to determine the degree of satisfaction of the basic living needs of the inhabitants of these communities.

The survey was conducted by questioning three groups of local experts:

the group „power“: deputies of the respective village, settlement, city council, deputies of the district and regional councils, elected on the territory of the investigated LC, employees of the apparatus of village, town councils and their executive bodies, as well as local executive bodies (hereinafter - representatives of local authorities) who reside and work in the territory of these LCs;

the group „budget employees“: employees of communal enterprises, institutions a LG establishment, in particular, social infrastructure objects financed from the local budget: schools, kindergartens, cultural establishments, health care, etc., living on the territory of the studied communities;

the group of „entrepreneurs“: owners and employees of private and other non-governmental and non-communal enterprises, mass media, bloggers, public activists who are residents of investigated communities.

The personal composition of local experts is determined by the Working Group for belonging to the specified groups, staying in the territory of the communities under study and taking into account their activity, professionalism, and responsibility.

The survey should be anonymous in order to ensure that the answers are maximized. Most questionnaires are closed.

The survey finds out the opinion of local experts on the extent to which the basic needs of the residents of each of the communities under study are met. They also assess the activities of local authorities for the provision of administrative services, the interaction of these bodies with representatives of the public and business, the organization of the budget process in LC, as well as the influence of rayon and oblast authorities on the state of affairs in each of the studied LC.

It also assesses the state of social harmony, interethnic and interdenominational relations in communities, the possibility of creative expression and conditions for social activity.

An important issue of the social effects of local government activities is the response of authorities and officials to appeals of citizens with complaints or proposals. In the course of the survey, it turns out to what extent respondents are satisfied with the response of the authorities to the response (if any) received at the speed, content, and effectiveness of the reaction.

The direct relevance to the social effectiveness of government activities is to assess the relevance of the goals and outcomes of its bodies to the needs of the community, as well as the level of professionalism and style of the activities of the management and employees of these bodies, which are also evaluated during a survey of local experts. Like the openness and transparency of the activities of local authorities, their interaction with the public and business.

When evaluating the activities of all local authorities, local experts assess the impact of each body on the state of affairs in the community, as well as the level of performance of these bodies and officials of their social tasks in the community. A certain group of questions concerns the assessment of the real impact of residents on the community in terms of such forms of public participation as general meetings, stairs of residents, public hearings, the activities of rural, street, quarterly committees and public organizations.

The survey also asks whether local authorities are interested in satisfying the needs of the residents; Whether there are any social conflicts between inhabitants of the settlements on a domestic, political, national or religious basis and which means of preventing and overcoming these conflicts are used by these bodies.

During the survey, the subjective opinion of the respondents is also examined, whether the planning and spending of budget funds are transparent and reasoned in the investigated communities.

Respondents are also required to describe the spheres of life of their

communities, the problems of which require an urgent solution for the possibility of ranking the main problems in the studied communities by their degree of priority.

And, finally, an important question for identifying social activity is: what exactly did each respondent personally to solve their problems.

Based on the data of previous studies conducted by the authors, it is proposed to identify and analyze the extent to which the 15 basic living needs of the community of the inhabitants are met, which together cover the main spheres of life in the communities. In particular:

- the need for improvement and housing maintenance;
- the need for high-quality public utilities;
- the need for high-quality trade services;
- the need for high-quality public transport services;
- the need for proper social services;
- the need for high-quality pre-school education;
- the need for high-quality school education;
- the need for high-quality medical care;
- the need for the safety of their own lives;
- the need for healing, leisure, creativity in the community;
- the need for proper conditions of employment, entrepreneurship and consumer protection;
- the need for healing, leisure, creativity in the community;
- the need for a high-quality and safe environment;
- the need for high-quality administrative services;
- the need for a proper reaction of the authorities to the treatment;
- other important needs of the inhabitants (in social harmony in the community, opportunities for creative expression, inappropriate conditions for public activity, a normal state of inter-confessional and interethnic relations).

To assess the extent to which each of these needs is met (except for the need for a proper reaction of the authorities to the appeal), it is determined by 5 indicators, which on the various sides of the complex should characterize the satisfaction of the corresponding need. To assess the need for a proper reaction of the authorities to the appeal, it is enough to determine 3 indicators (on the response rate, on the content and on the response of the authorities to the appeal). Consequently, in general, the degree of satisfaction of the basic needs of the inhabitants of the communities under study is estimated at 73 indicators.

The form of the questionnaire for expert assessment of the degree of satisfaction of the needs of residents of the studied LC is given in Annex 1.

Local experts in the survey process evaluate the degree of satisfaction of each need for each indicator on a 5-point scale. Subsequently, the estimates are averaged in three formats: in general, for all the LCs under study, in the context of each LC, and in the context of each of the three groups of interviewed local experts.

At the final stage, we take into account the importance of each indicator within a given need. This weighting is determined expertly on the basis of averaging experts' opinions of the expert group. An example of the calculation of the importance of indicators for assessing the needs of residents is given in Annex 2.

The degree of satisfaction of each of the selected needs is calculated according to the formula:

$$DS_f = (E1*V1 + E2*V2 + E*V3 + E4*V4 + E5*V5)*20 = \Sigma\%: \quad (4.1)$$

E1, ... E5 – averaged estimates of interviewed local experts for each of the indicators of a specific need;

V1 ... V5 – the weight of the relevant indicators within a certain need.

The estimated number of local experts to be interviewed in the communities under study is determined by the number of inhabitants of these communities and can be 2-3%.

If the person at one and the same time belonged to two or three groups of respondents (for example, he is a deputy of the district council, a staff member of the apparatus of the village or settlement council and a representative of a public organization or an entrepreneur), the membership of a certain group of experts in the processing of questionnaires is determined by the poll organizers, based on the need to observe the given relationships. According to the results of the assessment of the degree of satisfaction of each social need of the polled LC members, an analysis is made that contains a synthesis of estimates for each indicator, as well as a comparison of these estimates in terms of the LCs studied and groups of local experts.

On the basis of the obtained estimates for each indicator, the integral values of the degree of satisfaction (in%) of the basic needs of the inhabitants of the studied LC are calculated and the most problematic areas of life of these communities are revealed.

The method of social diagnosis has established that the degree of satisfaction of needs in the range of 100-70% characterizes the normal state of the studied LC. The degree of satisfaction within the limits of 70-50%



characterizes the pre-crisis state of LC, and less than 50% - the crisis state of LC. A comparative analysis of the communities under study is also being carried out on the integral level of satisfaction of basic living needs by the groups of local experts.

*Assessment of social efficiency according to the analysis of citizens' appeals*

In the course of the study, an analysis of the appeals of the residents of the investigated LC that were received in writing and orally - to identify the priority issues that citizens raise in their appeals and reactions to the authorities. The analysis of the statistics and the content of appeals of citizens is made according to the form of the registration of citizens' appeals, approved by the resolution of the Cabinet of Ministers of Ukraine of 25.09.2008 N 858 (On approval of the Classifier of appeals of citizens, 2008). The form for statistical analysis of appeals of citizens of the studied LC is given in Annex 3. Based on the analysis of the appeals of citizens coming to the local councils of the investigated LC, a conclusion is made about the activity of the inhabitants of these communities in using this form of public participation to solve local problems.

The speed and completeness of the reaction of the authorities to the appeal, its attempts to provide the necessary explanations and to solve the substantive issue are estimated. The basic principles of the methodology for assessing the social effects of the management activities of local authorities

The determining factor of the efficiency of management activity is the professionally organized work of the management apparatus, its qualitative composition, and level of qualification. And the precise and steady observance of legality is an indicator of the culture of management and a prerequisite for the high social efficiency of management activity.

The effectiveness of management (organizational) activity is a correlation of the values of actual and settlement and normative indicators of functions performed by the local authorities (planning, monitoring, reporting, formal and informal connections within the body, etc.) with the use of a certain amount of organizational resources.

The Social efficiency of management activity is associated with minimizing the costs associated with the functioning of management systems provided that they comply with their quality of performance of their functions. The higher the social efficiency of public administration, the lower the cost of society on the functioning of management systems. That is, the social efficiency of the management body is to reduce organizational uncertainty, which is achieved by the formulation of clear „rules of the game” and the control over their observance.

Assessment of the social effects of management activities of bodies and officials of local authorities is a dynamic process of continuous monitoring and analysis of all areas of activity of organizational structures of local authorities, aimed at meeting the needs and interests of residents.

Objects of assessment of the social effects of management activities of local authorities in the studied LC are:

- officials of local authorities who are elected at local elections (head of the LC) and appointed (head of the Rayon, Oblast);
- elected (approved) by the council (secretary of the council, deputy chairman, members of the executive committee, appointed by the chairman of the community and chairman of the Rayon, Oblast);
- local council deputies; deputy committees;
- executive bodies of the council (executive committee, subdivisions and other executive bodies of the council), as well as the apparatus of the council and its executive committee;
- self-organization of the population (SOPs);
- public organizations (in terms of delegating their administrative powers to the LG).

The social effects of management activities of local authorities are based on the following components:

- the general social efficiency of the activities of local authorities (in terms of the efficiency of budget expenditures);
- the internal social efficiency of the activities of local authorities (the effectiveness of the internal organization of the local government system);
- the social effects of the management of the local authority in assessments of residents of the respective LC.

Under the general social efficiency of the activities of local authorities is the ratio of socially significant results of these bodies and officials (outcomes of functions) and the cost of resources for their maintenance on the basis of what is formed „Index of overall social effects of the activities of local authorities“:

$$I_{\text{total}} = R_{\text{soc}} / E \quad (4.2)$$

$R_{\text{soc}}$  – socially significant results of the activity of the local authorities in UAH;

$E$  – expenses for the maintenance of the local authority and its officials in UAH.

The publicly significant result of the activities of the local authorities, in general, is proposed to measure the number of revenues to the local budget approved (without transfers) approved by the results of the fiscal year.

Under the internal social efficiency of the activities of local authorities is understood the effectiveness of building an organizational structure of local authorities and performing their functions.

The following indicators can be used to assess the social effectiveness of local government activities:

- „Index of the level of centralization of management“;
- „Controllability Index“;
- „Employment index in the management system“;
- „Index of organizational and legal registration of activities of local authorities“;
- „Integral index of social effects of organizational structure“;
- „Cost Performance Index of municipal functions“;
- „Index of Complexity of Performance of Municipal Functions“;
- „Quality Performance Index of Municipal Functions“;
- „Reliability Index“;
- „Link Index“;
- „Duplicate Authority Index“;
- „The index of territorial concentration of local self-government bodies“
- „The index of the efficiency of decision-making“;
- „The index of the operational efficiency of the decisions“;
- „Scope of authority“;
- „The index of the effectiveness of citizens' appeals“;
- „Quality Index for Municipal Services“

Here are some approaches to the calculation of social effects of management activities of local authorities for the first five indicators from the above list. In particular:

1) The index of centralization of management of ICs characterizes the correlation between centralization and decentralization. It largely determines the organizational effectiveness of the system of local authorities. The smaller the centralization index from 1, the greater the degree of decentralization in the system of implementing the powers of local authorities.

The index of centralization level is determined by the formula:

$$I_c = K_m / K_p \quad (4.3)$$

$K_m$  - number of management positions in the system of local authorities;

$K_p$  - number of executives in the system of local authorities.

2) The index of controllability level  $I_k$  characterizes the efficiency of management personnel use. With the significance of  $I_k < 1$  in the executive bodies of the local government, there is a shortage of managerial personnel since the managerial load on the existing staff is overestimated.  $I_k > 1$  indicates a very branched management apparatus since each manager in his subordination has a small number of subordinates. The index of manageability is determined by the formula:

$$I_m = K_a / K_o \quad (4.4)$$

$K_a$  - actual control level;

$K_o$  - optimum handling level.

The optimum level of manageability for the head of the community and his deputies is 6-8 officials of local authorities, for the heads of executive bodies of the Ministry of Economic Affairs and Communications - 8-10, for the heads of the structural divisions of the executive of the LG - up to 20 officials of the LG.

3) The employment index in the management system  $I_3$  is characterized by the share of officials of local authorities among all employees who work in the local government system, including in communal institutions, organizations, enterprises. The employment index is determined by the formula:

$$I_e = \Psi_o / \Psi_e \quad (4.5)$$

$\Psi_o$  - number of LG officials;

$\Psi_e$  - the number of employees in local authorities, in communal enterprises, institutions, organizations that are not officials of local authorities.

4) The index of organizational and legal registration of activities of local authorities  $I_{o-l}$  is determined by the formula:

$$I_{o-l} = [(Charter. + Strategy.) / 2 + (K_{lg} / K_i.) + (K_d / K_n.)] / 3, \quad (4.6)$$

Charter - availability of the Charter of the LC (presence = 1, absence = 0);

Strategy - presence of LC development strategy (presence = 1, absence = 0);

$K_{lg}$  - number of officials of local authorities;

Ki.- the number of approved job descriptions;

Kd. - the number of local authorities and their structural divisions;

Kn. - the number of provisions on local authorities and their structural divisions.

5) Integral index of social effectiveness of organizational structure I Integr. is determined by the formula:

$$I \text{ Integr.} = 1 - [(Cm / Cb) / (Cresides / Csel)] : \quad (4.7)$$

Cm - administrative expenses, accounted for by one official of the local government, UAH;

Cb - the size of the local budget per inhabitant, UAH;

Cresides - number of inhabitants of a territorial community;

Csel - the number of LC residents receiving salaries from the LC budget.

#### *Social effectiveness of management activity in assessments of inhabitants*

Indicators of social effects of management activities of local authorities in assessments of residents of the communities concerned are an important characteristic of this activity and can be used in the process of rating the success of LC and their management bodies. The following indicators were used as indicators of the social effects of management activities of local authorities from the point of view of the inhabitants of the respective communities:

- the correspondence of the goals and results of the government to the needs of the community;
- level of professionalism and style of management and employees of local authorities;
- openness and transparency of the activities of local authorities, activity, and success of their interaction with the public and business;
- the level in the LC of public control over the implementation of its functions by local authorities.

In the course of the study, local experts, who are residents of the investigated communities, should evaluate the social efficiency of the management of local government in their communities by the 5-point scale on the following indicators:

- compliance of the goals of the government with the needs of the community;

- the conformity of the results of the government to the needs of the community;
- the level of professionalism and style of community management;
- level of professionalism and style of activity of employees of local authorities;
- openness and transparency of activities of local authorities;
- interaction of local authorities with the public;
- interaction of local authorities with business;
- public control over the implementation of its functions by local authorities.

The index of the social efficiency of administrative activity of the local authority according to estimates of local experts (community inhabitants) It is determined by the formula:

$$I_M = [\Pi_1 + \Pi_2 + \Pi_3 + \Pi_4 + \Pi_5 + \Pi_6 + \Pi_7 + \Pi_8 ] / 8 \quad (4.8)$$

$\Pi_1$  - assessment of the conformity of the objectives of the government to the needs of LC;

$\Pi_2$  - assessment of the conformity of the results of the government to the needs of the LC;

$\Pi_3$  - assessment of the level of professionalism and style of the LC leadership;

$\Pi_4$  - assessment of the level and style of activity of local government employees;

$\Pi_5$  - assessment of the openness and transparency of the activities of local authorities;

$\Pi_6$  - assessment of the interaction of local authorities with the public;

$\Pi_7$  - assessment of the interaction of local authorities with business;

$\Pi_8$  - assessment of the state of public control over the exercise of its functions by the authorities.

The results of a survey of local experts provide an opportunity to calculate the overall social effects of management activities of local authorities of investigated LC in interaction with the public and other local actors in the context of each LC.

*Analysis of the legal and regulatory framework for socially effective local government activities*

The social effects of management activities of local authorities largely depend on the level of normative regulation of the activities of these bodies and officials. According to the results of researches of the above-mentioned index of organizational and legal registration of activities of local authorities (formula 5), this level is rather low. This is due to the lack of LC statutes, mainly due to the lack of development strategies, the incompleteness of the regulations and regulations of the relevant local authorities and job descriptions of employees.

An analysis of the submitted regulations of local councils testifies to the following:

- in the texts of regulations unnaturally, the combination of norms inherent in the rules of the representative of the Local Council and the rules of executive bodies of the council (executive committee);
- the regulations mechanically duplicate the provisions of Ukrainian legislation on the activities of the LG instead of the development of these norms in the procedural forms of the activities of these bodies;
- the regulations generally do not contain a logically structured, consistent description of the procedures of the activities of the LG, which does not ensure the ordering and specification of these procedures;
- the regulations lack or weaken the provisions on work planning, the organization of interaction between the authorities with LC, the organization of work with documents and the monitoring of their implementation, the organization of work on the Internet, etc.;
- the regulations also weaken the provisions on public participation in the development, adoption and enforcement of decisions;
- at the community level, only internal regulations of the activities of the bodies and officials of the LG were adopted; regulations on the provision of administrative services and regulations for the interaction with other bodies of the EOM and public authorities are absent.

Conclusions The conducted pilot studies confirmed the feasibility of the proposed author's techniques used in the integrated methodology for the study of the social effects of the local authorities, including methods of social diagnosis, and methods for assessing the social effects of the management activities of local authorities.

The most important form of ensuring social efficiency of power is public

control as an instrument of public assessment of the degree of implementation by authorities and other actors of the impact on the development of communities of their social tasks.

The most important condition for increasing the social efficiency of local government activities is their openness and transparency, which is achieved, in particular, by extending access to information about the activities of these bodies, communal and other enterprises, institutions and organizations, including through the Internet.

One of the directions of increasing the social efficiency of public authorities, especially at the local level, is the involvement of entrepreneurs in solving the priority social problems of the territories through the promotion of social responsibility of the business and an increase along with the authorities of the social efficiency of the work of communal and private enterprises operating in a certain territory. A key way to increase the social efficiency of local government activities is to create an adequate system of rules and regulations that promote social interactions within the management system and its interaction with the environment and limit the risks.

The social effects of any type of management should be assessed not only by the quality of those managerial decisions that are made by management entities but mainly by the quality of the material and spiritual products and services consumed by end consumers. Due to the regular external evaluation of the social effects of the activities of the bodies of the MES, the public has the opportunity to control this activity, and the authorities, receiving feedback, have the opportunity to purposefully improve the quality of their activities.

The effectiveness of the activities of local authorities, in particular, their social effectiveness, depends on the maximum on two main factors: the purpose the government puts before itself, caring (not caring) about people (the external task of the authorities), and how, by what methods, what professional forces she tries to carry out the plan (internal task). To increase the level of social efficiency of the activities of local authorities is proposed:

- In order to increase the social effectiveness of management activities of local authorities:

- to identify an official in the structure of local authorities, whose functional responsibilities will include the ongoing implementation of internal organizational audit (monitoring) and / or engage in the implementation of these functions on an ongoing basis by outside organizations, including NGO;
- to complete work on regulatory and legal regulation of the



organizational activity of local authorities at the community level through the adoption of territorial communities charter, provisions on local authorities, relevant regulations of their activities and job descriptions;

- to ensure the targeted development of LC and their bodies through the adoption of LC development strategies, to coordinate with them the target programs and plans of the activities of the LG;
- to identify and carry out on a regular basis monitoring of indicators (indexes) of social efficiency of activities of bodies and officials of local authorities;
- publish findings on the indicators of the social efficiency during the report of heads in open meetings with residents, at plenary meetings of the council and during meetings of the executive committee of the council and in the Mass Media;
- to increase the social effectiveness of management activity in local authorities by eliminating duplication of powers among officials of local authorities, including by approving agreed job descriptions;
- to optimize the level of subordination and division of powers between managers and relevant subdivisions of local authorities;
- to take measures to increase the level of efficiency of the adoption and implementation of management decisions, including through the introduction into the management system of temporary organizational structures (so-called „project teams”) in conjunction with the traditional hierarchical management structure;
- consider the possibility of developing and introducing into the management of local authorities integrated quality management systems that involve the assessment of management activities on the basis of assessment of the structure, process, resources, and output.
- to expand the possibilities of IFC to participate in the administrative process, including through the delegation of the last few powers in the area of providing administrative and other municipal services.
- to develop and adopt regulations on interaction between local authorities and local executive authorities (including the РДА, territorial police bodies, statistics, justice, etc.).
- to use the potential of cooperation of territorial communities, including in the format of a delegation of authority, the creation of joint bodies, institutions, utilities.
- territorial communities to create their sites and carry out work on saturation with their necessary and up-to-date information;
- apply to the rayon and oblast councils for the formation, on an objective basis, of the social effects of the management of local

authorities of rural, urban and urban communities within the district and area.

In order to increase the level of satisfaction of the needs of LC residents:

- regularly, within the framework of the preparation of the program of socio-economic development of LC for the next year, to conduct a survey of local LC residents to assess their degree of satisfaction of the basic living needs of the community, identifying the causes of dissatisfaction and ways to solve existing problems;
- to create on the basis of LC sites platforms for LC residents to express their comments and suggestions on improving the state of affairs in vital spheres, to regularly review these appeals at the level of local councils, their executive bodies and responsible executors.

LC management at the hardware meetings to regularly review the response of the LG to citizens' requests for prompt action to address the issues raised in these appeals; To conduct a quarterly evaluation of the social effectiveness of local government activities based on the analysis of the appeals of citizens received in the area of responsibility of these bodies;

to involve outside experts and in a complex to solve existing problems of communities together with deputies of district, regional councils, entrepreneurs and NGO.

#### **4.4. The Role of Public Authorities and Civil Society Organizations as a Component of Local Development**

The time has come when Hegel has already noted the need to replace the old forms of the state, who have found their society, too dangerous to depend on individual properties in the mindset of the ruling circles, a new, rationally functioning system, is a need that is over. The means of domination, which do not rely on the consent of the people as a legitimate basis of state power, are consumed. Democratic transformations in the country gradually create the preconditions for the development of civil society, for the full participation of citizens in political life. In the 1980s and 1990s, the research of network mechanisms of interaction between actors became popular with the concept of public management - „public administration“.

The urgency of these processes necessitates the development of theoretical and methodological aspects of new forms of public influence on power, on the preparation and implementation of managerial decisions, such as, for example, the cross-sectoral partnership (CP). Consideration of a specific topic of research from the point of view of the social nature of state-

management relations, the social conditionality of the content and the nature of reforms, in turn, sets the task of rethinking the laws of the development of intersectoral relations and cooperation between public authorities and civil society structures.

Civil society organizations (CSOs) are becoming an integral part of the EU's national economy, creating jobs and producing additional products and services. They play a significant role in educating the population, in organizing the life of local communities (social services, rehabilitation, environmental protection, culture and art, etc.), as well as in the economic development of communities and territories.

For CSOs, for the most part, are state-independent (non-governmental) associations of different forms created by citizens for the implementation of non-commercial initiatives aimed at both self-realization and the achievement of social changes that are significant for society as a whole. This is a new resource of the public and a public initiative, under which we understand not only the organizational-legal form (public, charitable organizations, associations, etc.), but also those groups, including professional ones, which ensure the fulfillment of socially meaningful functions.

In the world, CSOs are called differently: non-profit; public; charitable and philanthropic; independent, non-governmental; third sector, volunteer (UK); Association of Associations (Germany); civilian structures (Egypt); extra (India); third system (Italy); tax-exempt (USA); social economy (France); social corporations (Japan). The new management paradigm focuses not only on expanding the freedom of choice of a person but also on ensuring the state of conditions for the realization of this freedom. The development of citizens' associations through state support to the process of professionalizing its leaders is a determining factor in the future development since organized groups of citizens as their main contribution to the development of society bring the ability to generate the human and social capital that forces democracy to work.

In many countries, the methodology of the cross-sectoral partnership is guided by specialists in order to establish cooperation at all levels of the authorities of the „third sector“ CSOs.

Under the partnership, United Nations documents are understood as „voluntary and cooperative relationships between different actors, in which all parties agree to jointly pursue a common goal or perform a specific task and jointly overcome adverse factors, share common responsibility, provide mutual based resources and knowledge and use the results achieved“ (United Nations, 2003).

Michael Warner and Paul Grinder, the authors of the multilateral partnership report published by the Global Knowledge Partnership (GKP), suggest a slightly different, more specific definition: „an alliance between the parties representing the government, business, civil society , which strategically combines the resources and capabilities of each of the parties to respond to the key challenges of time as an instrument contributing to sustainable development and based on the principles of sharing risks, costs and benefits „ (Global Knowledge Partnership, 2003).

It is easy to see that both of these definitions contain some common key components: the voluntary and cooperative nature of the relationship; attraction of various participants; common goal; risk sharing; responsibilities and benefits; pooling of resources and competencies. At the same time, the definition given in the GKP report is more precise. So, it is about „strategic pooling of resources and opportunities“, not simply „joint efforts“. However, the range of possible partnership goals outlined in it is too narrow - only the problems of sustainable development. With the last limitation, you can argue. Although most of the existing partnerships operate in this area of public policy, they are by no means limited to it, and it is possible to predict the expansion of partnership in other sectors.

*Role of cross-sectoral partnership: experience of the countries of the Eastern Partnership*

The basis of the partnership is a compromise of interests, which maximizes the realization of the interests of actors through the formation of an affiliate network (coordination of actions, pooling of resources, information exchange) between actors.

An example of the institutionalization of this form of interaction is the institutions of social partnership, the public-private partnership, strategic partnership, public-public partnership, etc.

Thus, in Ukraine, in the fight against corruptive actions of public authorities, state-public cooperation plays an important role in ensuring the functioning of ProZorro's electronic public procurement system. From August 1, 2016, ProZorro became mandatory for all government customers when purchasing from 200 thousand UAH for goods and works worth 1.5 million UAH and above. From August 2016 in the system published a message with the declared value of 278.38 billion UAH. True, procedures for UAH 78 billion are considered unsuccessful - this means that qualified suppliers or performers could not be found (ProZorro, 2018).

According to the Ministry of Economic Development and Trade of Ukraine, „the system worked at the pilot on tentative purchases and proved its

extraordinary efficiency: during the year of the pilot project in ProZorro, the amount of savings was more than a billion hryvnia (the total amount of savings has now reached UAH 2.6 billion). Therefore, we call on all conscientious public customers to use ProZorro also at the doorstep „ (Ministry of Economic Development and Trade of Ukraine, 2018).

Therefore, the partnership is the most effective institutional form of relations between the subjects of the implementation of regional development projects, due to its foundation on the basis of a compromise of interests and the pooling of resources. In EU countries, the parity of relations has already been established: civil society and the state are self-sufficient entities, which in one way or another compliment and limit encroachment on each other. European experience shows that there are world-wide laws and the corresponding ways and mechanisms through which the formation, correction, and implementation of state-management decisions taking into account the interests of those to whom they concern.

In the countries of the European Union, there has recently been a significant rethinking of the role of civil society, although the mechanisms for attracting and recognizing the importance of civil society have been laid down in the founding treaties of the European Community from the outset. Thus, according to the 1957 Rome Treaties, the European Economic and Social Committee (hereinafter referred to as the „EESC”) was established to engage economic and social interest groups in the process of forming a common market.

The European Economic and Social Committee has 344 members nominated by the governments of the EU member states and approved by the EU Council for a term of 4 years. EESC members represent different segments of civil society in EU member states - employers, trade unions and representatives of civil society organizations that deal with environmental issues, consumer rights, small and medium-sized businesses, etc. They carry out their expert function, which is confirmed by their appointment. EESC allows representatives of economic, social, socio-occupational, and civilian organizations to be part of the process of policy-making and decision-making at the European Union level (European Prostrir, 2017).

The most important factor for the existence of the welfare state in the EU countries was the existence of a legally established and procedurally-made platform, in which those who in practice provided social guarantees for low-income groups (social workers, activists of third sector organizations, lawyers, doctors) had the opportunity to defend the interests of their clients and target groups in the debate with the executive and representative authorities. Of course, not all initial ideas were able to translate into life. So

far, there are a lot of poor, unemployed and disadvantaged in these countries. There were constant searches, but only in recent years, it became clear to many that the old methods of social support were ineffective.

The partnership also implies not only the need to understand and recognize the interests of the opposite side but also its perception as a reality of social development, which must be recognized. He must earn a full power „productive power of communication“, the content of which convincingly reveals Jurgen Habermas within the theory of communicative action. He rightly points out that social dynamics creates objectively inevitable suffering and the potential that lies in the very form of social existence. It is the communicative mind, in his opinion, forced to reckon with himself and in movements for civil emancipation - in the struggle for the sovereignty of the people and human rights. He was postponed in institutions of a democratic law-governed state, civil society institutions. In its attention to the communicative mind, the authorities, in turn, contribute to the revival of the political community (Derrida, Lasse Thomassen, 2006, p. 124).

The scale and nature of the participation of citizens in the processes of formation and implementation of government-management decisions depend on how the system „state - civil society“ functions since only the latter are able to form orientation on the use by citizens of dialogue forms of participation in socio-economic processes.

The activities of civil society organizations not only enable states to solve socio-economic problems as economically as possible, but also serve as a kind of ground for innovative technologies. It is worth mentioning that the economic effect of implementing the state policy of promoting civil society development becomes more and more visible, since non-state organizations create 3-9% of the GDP of developed countries (5% in Belgium, 7,9% in Canada) (European Prostir, 2017).

Of particular importance is the work of civil society organizations for the labor market. For example, by the mid-1990s, about 2.1 million citizens in Germany (5% of all employees) were employed in the non-profit sector. Small Western European countries - the Netherlands, Ireland, Belgium - came in this sector at a rate of 10%. The reason is the very close cooperation between the state and the „third sector“ in all spheres of activity. In Germany, the application of the principle of subsidiarity between the state and the „third sector“ is limited to the sphere of charity (Bovaird, T., Loeffler, E., 2003, p. 23).

Although it should be noted the significant economic dependence of civil society organizations in Germany on public finances (state funding is 64.3% of the total income of NGOs), thus they constitute a certain burden on the

state, which runs counter to civilian functions. Indeed, such a situation leads to a marked dependence of the structure of financing civil society organizations from the state. And this is especially evident when compared with other countries. Proximity to political parties and the state, which is expressed in obtaining significant public funds, at least potentially excludes parts of the third sector from civil society and translates them into quasi-state (European Prostrir, 2017).

*The role and functions of civil society organizations in local economic development*

However, the organization of civil society is by no means connected with the „state of welfare“. In particular, in many European organizations, it is necessary to have a certain number of hours worked as volunteers (volunteer loans) for employment, admission or successful completion of a prestigious institution of higher education. The volunteering experience mentioned in the summary is always a positive distinction between the candidate and the other.

In Moldova, this norm has been implemented on a legislative level for a long time: with the equal number of points on the results of EIT the preference for entrants with experience of volunteer work is preferred.

Of course, the role of the state, business, and civil society organizations in the partnership is unequal. If the „strength“ of commercial organizations lies primarily in financing opportunities, and the „strength“ of the state - in the possibility of using power levers, then the role of the third sector consists of two dimensions: the protection and protection of the interests of society and the support and implementation of a socially significant initiative. These organizations can and should play a significant role in the formation and implementation of state policy and strategy, to encourage the state to take full account of the interests of different groups of the population.

It is civil society organizations that are becoming an effective means in different countries around the world to provide civilized pressure on the government in the law, in contrast to sometimes criminal forms of lobbying, mass protests, and so on. Thus, the organization of civil society - is a real existing factor in the constructive interaction of society with the authorities. For the latter, it would be a short-sighted policy not to notice the organizations of the third sector, to exert pressure, to try to manage them. Thus, the state would refuse from an important form of dialogue with society, the development of mutual responsibility, the search for acceptable social solutions to socio-economic problems.

In assessing the role of civil society organizations as the subject of a cross-

sectoral partnership of MERs, it is necessary to distinguish the market and non-market functions of civil society organizations. Let's prove this thesis.

The role of the organization of civil society in the socio-economic development of the country, region, city, city district or other territorial community is to create within the territory amenity (social convenience). Different territories offer their own set of amenities, including access to education, the quality, and availability of health services, the availability, and quality of library services, social services, and various social services.

Depending on the set of conveniences, businessmen and residents decide on the choice of the area as a place of residence or business placement, which further depends on the prospect of the development of the territory. Often such decisions also depend on how attractive the social environment and infrastructure for employees of the firm. The quality and efficiency of such facilities are largely determined by the activities of civil society organizations.

To solve the problem of the existence of small, and therefore unsecured community resources, different instruments are used in different countries: in Poland, the standard is that the local community should have sufficient potential to provide public services, and its borders can only be changed by the decision of the national parliament, in Bulgaria - the norm that the minimum number of inhabitants should be 6 thousand people, Estonia - 3,5 thousand, Latvia - 5 thousand, Hungary - 3 thousand people. In addition, for example, in Estonia, the state signs a contract with local communities, providing them with priority budget support, in particular, for large infrastructure projects (Preliminary Study, Yerevan, 2008).

Non-nerve functions of NGOs. There are three directions of non-market participation of NGOs in the socio-economic development of the community: 1) improvement of the ecological situation and cultural services of the population; 2) development and implementation of modernization and development projects; 3) execution of programs of social assistance and redistribution.

1. Residents' decisions about the choice of place depending on the presence of museums, zoos, symphony orchestras and various theaters in it. Therefore, the improvement of „cultural infrastructure” can be considered a productive element of a promising strategy.

2. The second area of activity of civil society organizations includes such tasks as repair and renovation of buildings, entertaining and cultural programs, training in work skills and organizing events. All tasks of this type are one way or another based on the needs of the population in improving the basic indicators of quality of life and are aimed at creating a



sense of unity of the inhabitants and strengthening their desire for perfection.

3. The third non-market function of civil society organizations is an area where business is almost never working or where it is willing to help only through civil society charitable organizations. This is the creation of shelters for homeless people or food distribution points for the hungry. The delegation of civil society organizations to certain types of social services is often supported by the population and entrepreneurs, especially where they provide them more efficiently, more efficiently (due to low administrative costs and wages, lack of corruption) than the corresponding government services. An example of the significant effect is the crisis centers for women who have been subjected to violence. This third direction is favorable for reducing the cost of social services.

The list of non-market functions of civil society organizations covers the various opportunities that they offer to the population, while the market's functions of civil society organizations include their services to producers and consumers, as well as the direct creation of jobs and the contribution to income growth. The combination of market and non-market factors of the locality affects its economic development. In this way, civil society organizations directly contribute to the formation and development of business in it, being an integral part of a market economy..

Market functions of the third sector organizations. Until the early 80's, it was believed that such services to industry, such as finance, insurance, property management, accounting and legal advice do not directly affect the economic growth. Then this point of view has changed, and the scope of such activity has substantially expanded.

Civil society organizations have taken a niche in this area, helping to create a better environment for economic development of the region, income growth and employment. For example, colleges, universities and technical schools (many of which belong to the non-commercial sector in the EU) provide industry and business with educated, skilled labor, advisory services; conduct practical research; bring in the region additional financial resources in the form of research grants, tuition fees, expenses incurred by students for the purchase of various goods and services.

Hospitals (also a nonprofit sector), serving larger districts than the community, contribute to raising funds. Consumers of such services of organizations of the third sector, such as rehabilitation centers, theaters and symphony orchestras, museums and historical monuments, are people from geographically remote areas.

The trend that emerged back in the 1970s - to the growth of self-financing

of civil society organizations also leads to the expansion of their market functions. And since private corporations were not able to cover these losses, civil society organizations themselves had to start work on earning money (selling their goods, providing paid services, etc.).

*Overcoming the problems of cross-sectoral partnership*

Certainly, the „replacement“ of a single citizen by a small informal organization with insignificant resources will not significantly increase its partner positions. Therefore, there is a significant influence on the growth of resource efficiency of the most influential and developed civil society organizations that are able to consolidate the negotiating power of citizens in their relations with business and the state.

Any organization, if it wants to be authoritative, and therefore to carry out its activities professionally, at a high level, must, first of all, think about its financial support. After all, professional work needs to be spent. No action should be taken until its financial support is secured. Many organizations of civil society organizations in the countries of the Eastern Partnership disappear, without completing their good intentions, which are to help the community or society. This is due to various reasons. One of them is the lack of financing.

In countries with developed traditions of local democracy, there is a tendency to increase the share of budget support of self-organization structures of citizens. For example, in the United Kingdom, the Grassroots Grant's government program was launched in 2010, which provides funding to support organizations and initiatives that address the problems of local communities. Also, sources of funding for self-organizing bodies include state and municipal grants and other resources provided for the implementation of state and municipal contracts. The practice becomes widespread when the authorities completely delegate to civil society organizations solving certain social problems and finance their activities. Since the 1990s, the system of real local self-government and self-organization of citizens has begun to spread in the countries of Central and Eastern Europe.

In Ukraine, the civil society of Ukraine now includes an ever wider range of public initiatives and associations. Among the reasons for the increase in the number of CSOs during 2016 and until now, the emergence of new social groups - participants and veterans ATO and other categories of the population who suffered from the Russian hybrid war, especially the number of internally displaced persons.

The level of public trust in public organizations has a tendency to increase.

Unlike in 2014-2015, when the activities of the CSO were aimed at providing almost the entire spectrum of problems of the Ukrainian military, including through the attraction of cash donations for this purpose, in 2016-2017, the activities of genuinely active public associations of Ukraine in general, the provision of assistance to ATO participants and veterans, internally displaced persons, civilians in towns and territories of the Russian-terrorist forces freed from the ATO.

Consequently, Euromaidan and further events called the Revolution of Dignity, a revolution for democratic values and a European choice, together with the signing of the Association Agreement between Ukraine and the European Union, gave a powerful impetus to Ukraine's integration into European political, legal and socio-economic space.

However, the challenges of the unity of the Ukrainian people and its European choice require an adequate response of the authorities to public opinion and internal problems. As a result of the war in Ukraine, two new, numerous social groups - combatants and their families, as well as those affected by the fighting, in particular internally displaced persons (IDPs), who require comprehensive assistance, have appeared: states, volunteers, charitable foundations and other civil society organizations of society. There is an involuntary strengthening of horizontal ties between them on socio-political issues, which today are extremely sensitive and related to the decline in living standards. There is a deterioration of public opinion and expectations, disappointing the slow pace of reforms and impunity of the political and business elite

In such a situation, it is important to prevent confrontation between the interests of the state and civil society, which, in essence, can testify to the ineffectiveness of public administration and mechanisms for coordinating actions with institutes and civil society organizations. It is important that the current level of civil society activity in Ukraine further makes it impossible to monopolize power and resources by the political class.

Only by changing the attitude of the ruling class towards civil society as a generator of new semantic narratives and social practices, through the promotion of civic activism and the introduction of high-quality communication between the authorities and citizens, one can maintain a window of opportunity for real reforms in Ukraine, the continuation of the course on integration into EU and NATO and protection against Russian aggression. This will allow the present „risk society“ to transform into a society of dignity, and its subjects - to obtain decent and safe conditions for their life and development.

As you know, the EU Delegation has for the first time performed a mapping analysis of Ukrainian civil society. The experts of the EU Project,

which was created to strengthen Ukrainian civil society by strengthening the role of such organizations in the implementation and monitoring of democratic reforms and comprehensive socio-economic development in the country, reviewed the National Strategy for Promoting Civil Society in Ukraine for 2016-2020. The key recommendations of the experts were: to strengthen the sector's self-regulation; reform the National and Regional Coordination Councils; consider establishing Ombudsmen for civil society; promote interest-based philanthropy, and provide a broad public debate on the National Fund.

The experts analyzed 25 regional civil society development programs. The total amount of their financing amounted to 321.825 thousand hryvnias, but the results of the analysis of these programs indicate that they represent only 53% of all tasks of the Strategy. Only 15 out of 25 oblasts fulfilled these regional programs by more than 50%.

The largest amounts of financing are provided in the Kyiv City Program - 86,514.4 thousand UAH, and in the Kharkiv Oblast Program - 68,910 thousand UAH, with the smallest funding available - in Ternopil (612.0 thousand UAH) and Kirovograd (594.4 thousand UAH). UAH) in regional programs. On average, for each regional program, there are 12 713.8 thousand UAH. At the same time, Ukraine ranked 18th out of 29 countries in the annual analysis of democratic processes in Central and Eastern Europe and the Eurasian Nations in Transit 2016, which holds the Freedom House. The report also says that it is a civil society that plays the most significant role in advancing reforms in Ukraine. The overall assessment of Ukraine is 4.68 out of 7, which defines it as a country with a „transitional government or hybrid regime” (European Prostir, 2017).

Traditionally, civil society organizations in Ukraine are funded primarily through sponsorship from legal entities, many of which are foreign. Ukrainian legal entities (especially well-known corporations) also donate funds to various social projects.

Recently, there has been a tendency to increase in the budget of civil society organizations the share of funds received from foreign charitable foundations and organizations. But the number of associations that are able to receive such funding is still insignificant. Most associations successfully operate in the direction of attracting sponsorship from Ukrainian commercial structures, as well as voluntary contributions and donations from private individuals. It is alarming that a significant proportion of funding sources is membership fees, which are possible and fed into the budget of the association on a regular basis, but rarely provide the organization with material resources. The search for funds for an organization is usually done by its head, or at best, by an individual who

has undergone an initial fundraising training course.

Despite the fact that effective resource allocation is one of the most important indicators of the viability of the third sector, Ukrainian organizations still lack the understanding that effective resource mobilization does not take place through short-term or spontaneous financing attraction campaigns, but by giving due consideration to financial planning in line with the organization's mission. In the situation of lack of finance for the activities of civil society organizations, it is logical to create in Ukraine a new type of structure whose task is to coordinate the efforts of individual organizations, co-operation of their resources in implementing common programs.

Thus, due to the slow pace of solving IDP problems at the state (legislature) and local levels, the public has taken on a significant part of its work, from providing humanitarian sets of products, clothes, finding temporary housing and working to participate in drafting relevant draft laws, and attracting international assistance. In order to increase the level of civic education of the population on the issues of protecting their rights, the 2016-2020 National Action Plan for the Promotion of Civil Society in Ukraine for 2016-2020 was envisaged for the creation and placement of interregional resource and communication platforms of legal assistance in the cities of Dnipro, Lviv, Kiev, Odessa, Kharkov.

February 10, 2016. Civil Society Platform was created in Azerbaijan. „This structure was created in order to find ways to solve the country's actual problems, support the process of reforms, and strengthen democratic principles. However, there is still no need to say about the serious progress of the” Civil Society Platform „yet, but the very fact of creation platforms during the active phase of repressions against CSOs was a demonstration of the existence of a potential for resistance in society, the impossibility of an everybody „

Any public initiative that at some point has decided to institutionalize, faces the need to organize the process of managing its structure and control in it, the problem of staffing. It is clear that when this issue is not solved from the very beginning, the organization is planning itself into conflicts or short-lived existence.

In the widest sense of the word, the organization's leadership serves two main purposes. The first one is to bear the legal responsibility for the organization that it represents and the obligation to have a decisive word in its activities. The second goal is to serve the interests of the organization in the local community in order to ensure that the goals and priorities of the organization can be successfully achieved.

The creation and effective management of the team, which flexibly adapts to the difficult conditions for the slow transformation of the social sector and is able to provide quality services to its clients, is a very topical issue for socially-oriented CSOs. After all, the modern world is characterized by an increase in the amount of information that needs to be processed every day in organizations and needs to be responded quickly. Economic changes, changes in the birth rate, and the growth of the difference between income levels are just a few tendencies of the human community that affect the activities of socially-oriented organizations. It is vitally important to correctly identify these trends in the flow of information and respond to them.

In Ukrainian CSOs, as a rule, due to the insufficient number of members, almost all functions are performed by several individuals or even by one person - the head of a public organization. Such „versatility” of leaders in Ukrainian conditions increases the universality of the features that it possesses.

In today's CSOs there is no clear understanding, and, consequently, the distinction between regular staff (staff) and volunteer assistants, volunteers. One of the criteria for distinguishing between full-time staff and volunteers is the fact of obtaining a monetary reward for their work. However, while a very small proportion of employees working in public associations on an ongoing basis, receives a salary. On this basis, they consider themselves volunteers, and partly right.

Of course, in addition to monetary compensation, there are other forms of compensation of expenses (time, energy, etc.) for employees and voluntary assistants in public associations: the opportunity to show themselves, to participate in public life, access to information, free access to services, material assistance. However, it should be noted that so far one of the main ways of compensating the expenses of employees and voluntary assistants is to obtain some moral satisfaction from the activities they carry out in association (in the form of participation in public life and the ability to manifest themselves). Probably, therefore, most managers of the third sector organizations use exclusively moral stimulation (verbal gratitude, praiseworthy letters, letters, and simple friendly engagement), and the most common type of sanctions is public condemnation.

Another kind of stimulus that does not take leadership positions in the number of managers who use it, but one of the most effective ones, is to provide free access to resources (for example, visiting cultural events, receiving free trips to holiday establishments, using office equipment, special inventory, etc.), various kinds of services.

Consequently, the need for social self-organization was caused by the

quantitative growth of civil society organizations, but sociological surveys of the population testify to the still lower efficiency of their activities. Therefore, with the utmost urgency, the question arises of the need to professionalize the management of such organizations, the creation of a system of education and information for civil society organizations. At present, Ukraine has no educational structures for the training of leaders and specialists of civil society organizations, their joint training with political figures and officials dealing with relevant issues. Meanwhile, there is no doubt that there is a training base and a highly skilled teaching staff of these specialties. Separate cases of conferences, seminars, trainings do not facilitate the establishment of stable contacts, networking, the continuous exchange of experience, information and training of leaders and activists of civil society organizations.

In the professional training of civil society organizations, there are serious problems. The most important of them are: no system of information and strategy of professional training of civil society, not organized regular joint training employees and managers of public institutions and management training and business games.

You can identify the most important educational needs, including information, training, and training in the organization of sponsorship, cooperation with commercial organizations, training in methods of working with government agencies. On the other hand, civil servants and professional politicians note that the activities of representatives of civil society organizations are limited to requests for financial assistance, but often fail to establish a clear viable social project, are not able to professionally organize and manage their own. Unsolicited, unorganized remains the enormous potential of desire and human resources to change unfair social conditions. Potential and potential of the third sector are not properly accounted for by public authorities in order to overcome the social crisis.

#### **4.5. Public Administration: Case for Ukraine**

##### *Define and Justify the Purpose of the Study*

Public administrations play an important role in the European community by providing public services and the necessary support for community initiatives. The implementation of reforms of the public sector in Ukraine in the process of implementation of the provisions of the Association Agreement is intended to ensure the emergence at the local level of governance structures relevant to the norms and EU law. The previous sections of the monograph dealing with these issues are based on an analysis of the experience of the EU countries and the Eastern Partnership

and represent, accordingly, the point of view of both European and Ukrainian researchers. Therefore, the added value of this case is to consider the issue of conducting and evaluating reforms at the local level from the point of view of representatives of Ukrainian public administration, business and the public.

The purpose of this research case is related to the construction of an effective integration model of the Ukrainian public administration system in the EU institutions' environment. To achieve the goal you need to solve two problems:

- 1) the search for ways of providing a new, institutionalized internal and external structure of public administration in the socio-economic sphere of the sphere of local economic development;
- 2) clarification of the degree of satisfaction of the economic interests of the parties as a result of cooperation between the EU and Ukraine.

In describing the phenomena that occur in the system of Ukraine's political system, one should proceed from the fact that at present the task of creating public values related to the quality of public services, the efficiency of the public sector, social integration and participation, public trust and good governance at the local level Ukraine has not yet received its solution.

The implementation of these complex issues requires an approach that should be based on the transformation of public administration and its role in society, taking into account:

- To overcome long-term forecasted constraints, which has a very negative effect on the formation of both the technologies of neoliberal economic reforms and the image of their results in the public consciousness. Such limitation generates the prevalence of political interests over economic interests, which in itself distorts the role of politics as a concentrated expression of the economy. In Ukraine, the processes of political pressure reached a critical point. This leads to a departure from the principles of market economy and to the transition to manual management of the economy, which, in turn, has a detrimental effect on the volume of tax deductions from GDP in the budget sphere. As a result, the GDP dynamics are much lower than the dynamics of budget revenues at all levels;
- The specifics of local development and on the basis of a pan-European approach. At the same time, the effectiveness of reforms should be assessed not only by the results of the reform of central government. Sectoral reforms and the decentralization of governance at the local level are also an important component of Ukraine's European integration.



- Important lessons for Ukraine in this sense are the experience of Moldova and Georgia, which is comprehensively and thoroughly described by the authors in Section 2 of this monograph.

In particular, the risk of weak state capacity recognized in the strategic documents adopted in Moldova is also characteristic of Ukrainian realities. His overcoming in our country is also possible only through the reorganization of the management training system, however, as for Moldova, it remains a problem due to low wages of the population, first of all, in the public sector on the ground and high level of shadow wages in business. As in Moldova, political support for reforms of the public administration system in some regions of Ukraine remains fragile. The reasons are common - both in Ukraine and in Moldova in these regions there is a strong unfavorable political influence of ethnic Russians, Hungarians, Romanians, who are constantly lobbied and warmed up from abroad. Under the current conditions of regional instability, both in Ukraine and in Moldova there is a risk that it may be necessary to slow down or even weaken progress in modernizing the public sector in order to preserve peace among its diverse national and political preferences.

For Ukraine and Georgia, common features of reform processes are characterized by the following:

- The main vectors of the development of the public administration system of these two countries can be considered the introduction of democratic governance, elements of e-governance, based on partial adaptation and implementation of European countries experience;
- The process of sectoral reforms in both countries is characterized by the dynamism of the tasks being implemented and broad support from the EU;
- An important emphasis in reforming the public administration system is to draw attention to the assessment of the quality of services, management decisions and activities of public authorities. And in Ukraine and Georgia, an attempt has been made to bring them into line with social requirements by using elements of extended sociological surveys among the population;
- The significant positive shift in economic reforms in Ukraine and Georgia is the interconnectedness between strategic planning documents and short-term decisions on socio-economic development. Thus, in the **Basic Principles of Socio-Economic Policy of Ukraine for 2019-2020 (Georgia adopted such a document as a Roadmap)**, the reform of public administration in the economic sphere is described in a manner interlinked with other strategic documents of a sectoral nature, complementing the

planned ones. This makes it possible to conclude that in both countries the work on a set of strategic tasks is being actively pursued through the consistency of forecast documents.

In Ukraine, as in Georgia and Moldova, there are still tangible problems regarding the separation of policies from public service and the removal of opportunities for political influence in the process of public servants. An important problem is the presence of the influence of groups of economically-oligarchic interests on the process of making managerial and political decisions, the need to deepen the work in the area of conflict prevention and combating corruption.

Therefore, despite the fact that Ukraine has a number of its own tasks aimed at solving a specific socio-economic issue, the path of our state is largely oriental with the processes that were taking place by other states of the SES. Taking their lessons into account is extremely important in order to overcome Ukraine's obstacles on this path.

(M) Description of the preliminary conditions for the start of the study, the main theoretical positions and the argumentation of the chosen approach.

In view of the subject, the European concept of neo-functionalism is based on the methodology of the study. It is complemented by a model proposed by the EU, which uses the form - „more than partnership and less than membership” (**Romano Prodi (2002)**.) The preliminary conditions of the study are also based on the mechanism of dissemination of elements of the normative model, due to the high role of instinctually characteristic of all post-soviet countries, its application a priori should allow solving the main tasks during the reform of the PA system in Ukraine.

Therefore, in order to solve the problem in Ukraine, it is proposed to use the ENP tools, the result of which is the specific institutional changes. The procedures and objectives proposed within its framework have already created a certain dynamics of economic reforms.

The theoretical positions, which justify the implementation of the concept of „normative force” in the Eastern Partnership countries adjacent to the EU, are used, first of all, in Moldova and Georgia. Accordingly, the justification and indicators of the list of measures characterizing the reform process should be sufficient to determine the general principles of the implementation of the reform program in Ukraine on the basis of their generalization as well as the construction of a system of qualitative and quantitative indicators.

Characteristics of the conditions in which the research is carried out from the state of implementation of the sectoral reforms undertaken by Ukraine at the present stage of its development. The reasoning for choosing

such parameters is based on the fact that the basic concept of neo-functionalism, which is the overwhelming part of European scientific practice, is clearly seen in Ukraine precisely because of the analysis of the composition, structure and indicators of the reforms that began after the signing of the European Association.

There is no doubt that, in general, the European Union is optimistic about Ukraine's progress. The Brussels main signal is: the direction of the reforms is correct, but the speed of the reforms to European partners and donors would like to see a higher one. They do not hide that somewhat overestimated the assessment of the actions of the Ukrainian authorities, in order to avoid unjustified disappointment.

„Evaluation of reforms in Ukraine shows great progress, but implementation should speed up to achieve full results” - under the headline of the EU sent a message to journalists a document containing an assessment of reforms in Ukraine. „Now it is extremely important to move from adopting laws and creating institutions to fully implement these reforms,” - said, introducing the report of the EU High Representative for Foreign and Security Policy Federica Mogherini.

Consequently, domestic reforms for Europe itself are „litmus test” of Ukraine's movement to its space and values. The EU's classical scheme in assessing events and processes in such difficult states as Ukraine is: first, to say good-bye and then „as it is.” Here is a prominent example of two successive sentences in the Report „Implementation of the EU-Ukraine Association”: „Political unpredictability is a major obstacle to the implementation of Ukrainian reforms. Consequently, political risks need to be streamlined to the country's economic growth and its entry into the European social and economic space. “The report also confirmed the trend: Brussels in a dialogue with Kiev begins to focus its attention not only and not only on formal European integration, but on moving it to the real soil. “It is now extremely important to move from legislation and institutions to full implementation of these reforms so that Ukrainian citizens can use their fruits,” said Federica Mogherini.

Table 4.5.1 presents the main points of the justification and the main directions of change in each of the key reforms that are being carried out in Ukraine on the path to integration with the European community. And because of their exceptional role, first of all, it should be noted that the main achievements of the economic system of Ukraine in 2014-2018 years in implementing these reforms were macroeconomic stability, ensuring further growth and continuation of systemic institutional changes. Economic indicators (GDP growth of 2.2% - 3%) suggest that Ukraine has passed a phase of economic growth, so radical institutional changes for the

first time in the history of independent states are not the „shock” scenario in a deep economic crisis, and on the background of quite favorable processes, which in itself creates the preconditions for their maximum efficiency:

**Table 4.5.1. Grounds and main aspects of changes providing key reforms in Ukraine**

Existing situation (justification)	The main directions of the implemented changes	Major institutional changes in 2017-2018
<p>Public administration reform</p> <p>According to world performance indicators of governance, Ukraine occupies a rather low place in the competitiveness ratings. Improvement of the state's position can reduce the administrative burden of state regulation, improve the quality of administrative services, and ensure the legality and predictability of administrative actions. The result of the reform should be a system of public administration that guarantees the proper implementation of political decisions and legal norms, is transparent, predictable and client-oriented, aimed at sustainable economic growth and facilitates the development of entrepreneurship and investment. The signs of the effectiveness of public administration should be the rational use of financial and human resources, creating conditions for self-realization of citizens and the transformation of the state into an attractive and effective employer.</p>	<p>Transparency and openness of power, the public predictability of its political decisions</p> <ul style="list-style-type: none"> <li>- Focuses ministries on the formation of public policy in the relevant field</li> <li>- Improving the quality of government decisions</li> <li>- Clear subordination and distribution of functions</li> <li>- Improving the scope of providing administrative services</li> <li>- Formation of a professional civil service</li> </ul>	<p>New Strategic Planning was approved in the framework of the Medium-term Priority Actions of the Government by 2020.</p> <p>The reorganization was completed in 10 ministries, 3 other government bodies and 50 directorates, and about 800 reformists were introduced.</p> <p>Ukraine has increased the rating „Transparency of policy formation” by 34 positions and ranked 65th.</p> <p>35 e-services for the population and business were introduced, 30 were optimized</p> <p>The portal of open data „data.gov.ua” has been introduced, which publishes more than 25 000 sets of data.</p> <p>Ukraine has increased its rating by 23 positions and ranked 31st in the global index of open data</p>

<p style="text-align: center;">Decentralization reform</p>	<p>At the time of the beginning of the reform, and since 1991, the number of rural population has decreased by 2.5 million people, and the number of rural settlements - by 348 units. At the same time, the number of village councils increased by 1067 units.</p> <p>In Ukraine, about 12 thousand territorial communities are formed, in more than 6 thousand communities the number of inhabitants is less than 3 thousand people, of which 4809 communities - less than 1 thousand people, and in 1129 communities - less than 500 people, most of them do not form executive bodies of the respective village councils, there are no budget institutions, utilities, etc. Local self-government bodies of such communities practically cannot exercise their powers of law. The subsidy of 5419 budgets of local self-government is more than 70 percent, 483 territorial communities are 90 percent held at the expense of the state budget.</p> <p>Implementation of constant financial support through the district budgets of small-scale territorial communities using the system of equalization subsidies is burdensome for the state budget and constrains the development of small towns and large villages.</p>	<p>- Effective transformation of the territorial structure and sub-regional level</p> <p>- Voluntary association and consolidation of territorial communities</p> <p>- Financial decentralization</p> <p>- New powers and opportunities of local self-government bodies</p> <p>- Strengthening the responsibility of local self-government bodies for their decisions and the efficiency of the resources spent</p> <p>- Development of territories, the creation of modern educational, medical, transport, housing and communal infrastructure</p> <p>- Regulation of land relations in which communities will have the right to dispose of lands outside settlements</p> <p>- Transfer of part of the authority of the Central Bank of Ukraine to provide basic administrative services to the level of local self-government</p>	<p>Decentralization is one of the most successful reforms in Ukraine today.</p> <p>In the long-term plans approved by the Government, there are 1206 amalgamate hromadas (AHs) which combine 7913 territorial communities (76% of Ukraine's area)</p> <p>971 AHs were formed, representing 36.2% of the territory of Ukraine, and 20% of its population.</p> <p>3839 settlements have united in AH. The management of the communities is carried out by 2565 elders, of which 780 are elected. 1050 communities use tools of inter-municipal cooperation, 263 agreements are concluded.</p> <p>Local budgets continue to grow, amounting to almost 51.8% of the consolidated budget. Their own revenues make up 8% of GDP (the highest level since Ukraine's independence).</p>
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<p>Reform of education and science</p>	<p>The country and the world have changed, society has changed radically changed the economy needs and approaches to education remained far in the past century. In Ukrainian schools and universities mostly pupils and students acquire a body of knowledge without understanding how it can help them to realize in life. The educational process in vocational and higher education institutions is separated from the needs of the labor market and the economy as a whole. Educational and scientific institutions suffer from inadequate logistical support, ineffective management and poor management quality. Domestic science has lost its influence on the socio-economic development of the state. Value of domestic scientific and technological capacity has dropped to a critical level, which was a threat to national security. The basis of the national economy is raw and low-tech industries, which significantly reduces the potential of Ukraine as a competitive state. The results of scientific research and scientific and technical developments only slightly affect the growth of Ukraine's GDP.</p>	<p>A new content of education, aimed at building competencies of the XXI century. Modern School Management and Administration System A new quality control system for education Multi-channel financing of education and science Establishment of new type institutions - regional centers of professional training Modernization of the content of vocational education Creation of a system for ensuring and continuous improvement of the quality of higher education, which is in line with the recommendations and standards of the European Higher Education Area Ensuring academic integrity Establishment of the National Research Fund and the formation of its governing bodies Ensuring the formation of public key laboratories and obtaining the status of a research university by national universities.</p>	<p>A progressive law „On Education” was adopted, the development of special legislation was started (in secondary schools, vocational education and changes in the financing of higher education institutions). The implementation of the concept of the New Ukrainian School in elementary schools has begun, which will continue in secondary schools until 2029. Teachers, parents and students are allowed to choose educational programs and textbooks on which children will study. The standards of information and communication competence for students and teachers are introduced</p>
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Healthcare reform	<p>The total health care expenditures in Ukraine (patients and the state together) correspond to the average in many European countries. However, unlike Europeans, more than half of the total health care budget is made up of patients' contributions, which they make by spending their own funds. Medical care is free of charge only on paper. Most Ukrainians „thank” for treatment in the pocket of a doctor or in the form of a so-called „charitable contribution” (in fact - a compulsory one). In addition, the funds that are in the system, use inefficiently. Despite the fact that Ukrainians contribute to medicine every year in the amount of about 3 billion USD through taxes, 640 thousand Ukrainian families are suffering a financial catastrophe as a result of illness because of the need to pay for their own cost treatment. The average share of spending on medicines in health care institutions does not exceed 10%, while wages and energy payments in these institutions spend 80-97% of budgets of all levels.</p>	<p>Implementation of a state-guaranteed medical care package - The only national purchaser of medical services - Introduction of the principle of „money walking on the patient” - Autonomy of medical care providers - Introduction of the e-Health system - Available Medication Program - Transparent and effective procurement of medicines - Creating new opportunities for local authorities to exercise health authority</p>	<p>Legislation on financial guarantees for the provision of medical services and drugs was adopted. The population got access to elect their doctor and to make medical declarations with him. There has been widespread autonomy of health facilities. Starting in July 2018, the National Health Service is providing primary care. Complete implementation of the reform in the section on primary care will be completed in 2019. Purchases of medicines have become more effective, and saved about 40% of budget funds; At the same time, prices for some drugs have become 20 times lower.</p>
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<p>Pension reform</p>	<p>In Ukraine lives 11.7 million Retirees. Of these, 8 million (68%) before the reform received only a minimum pension, which was not enough to meet even the urgent needs. The size of the payments did not depend on the duration of the work experience and the earnings from which the person paid the contributions. This situation, besides being unfair to people, did not create motives to work legally and take care of paying contributions to the Pension Fund.</p> <p>Today, only 1 employee is paid to one pensioner who regularly pays contributions to the PF. There are 26 million citizens aged 18 to 60 living in Ukraine, and pension insurance contributions paid until October 1, 2017, for only 10.5 million people, and another 1.5 million is paid by the state. As of 1.11. In 2017, the number of insured persons was 12,971.3 thousand. Thus, only 75% of the employed population employers and the state pay contributions, and 25%, which is about 4 million able-bodied people, do not pay the ESV. The rules for transferring pensions were non-transparent, a significant part of pension payments did not actually belong to insurance pensions and was simply an additional payment in order to bring them to the level of living wage. In addition, pensions were paid for more than 20 laws with various „special“ benefits (civil servants, academics, deputies, journalists, teachers, etc.).</p>	<p>Modernization of pensions - Just a solidarity system - Mandatory annual indexation - Overcoming the deficit of the Pension Fund - Changes in the system of accumulative retirement benefits - Formation of the system of non-state pension provision - Enhancement of the institutional capacity of the financial sector regulator to supervise funded pension provision entities</p>	<p>The calculation for all categories of employees is based on the length of the insurance period. Pensions increased for 10.2 million pensioners. In 2018 new high pensions were introduced for military pensioners The minimum pension is set at UAH 1497, which is 190 UAH more than before the reform. An automatic calculation of indexation (recalculation) of pensions was introduced: at least 50% increase in average monthly wages for 3 years and 50% of the consumer price index. Cancellation of the 15% reduction in pensions for 500,000 working retirees, as well as the reduction of pensions for 104,000 women who retired early in their 55th birthday.</p>
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	<p>Certain categories of pensioners enjoyed privileges, in particular, the right to early retirement. All this deprived the system of the principle of justice, the equality of insured persons in obtaining pension benefits and created significant financial pressure on the Pension Fund of Ukraine. Without corresponding changes within 5-10 years, the state could lose the opportunity to guarantee pensions to citizens.</p>		
<p>Reform in the field of development of farming and co-operation</p>	<p>The agrarian sector provides 12% of GDP and about 40% of foreign exchange earnings from exports. The largest potential for its development lies in the small and medium-sized business in the village. In Ukraine, there are more than 33 thousand farms. This is more than 70% of the total number of economically active agricultural enterprises. However, the productive and social potential of farms remains unfulfilled. The level of technical equipment, performance indicators (in particular, yields) are mostly lower than medium and large enterprises. The annual loss of the export potential of farms is estimated at least \$ 350 million. The main reason for this situation is the lack of own working capital and the high cost of credit resources. It is for these reasons that the share of farms in the overall structure of gross agricultural production is insignificant - from 6% to 8% per year.</p>	<p>Stimulation of the establishment and development of farms - Creation of favourable conditions for the development of organic farming - Stimulation of livestock development in farms - Facilitating the development of agricultural co-operation - Regulation of legal issues in the field of land relations</p>	<p>The number of farms has increased and 500,000 new jobs have been created instead of the 100,000 that were before the reform. The increase in the share of farms in gross agricultural production increased from 6-8% to 12% per year. Livestock, organic farming, hops, horticulture and viticulture became a significant incentive. Each year, 15 new primary agricultural products are created, as well as 40-50 new cooperatives, created by farmers themselves or jointly with members of private farms.</p>

In addition to the listed key reforms, which are the starting point in the study of the parameters of economic development, as the main indicator of

the success of reforms, other institutional changes that aim at strengthening the dynamics and effectiveness of socio-economic development in the state should be outlined. Thus, in recent years, the foundation for transparent and efficient management of state-owned companies has been laid down, as well as the preconditions for land reform have been created. - The concept of the National Land Market has been developed together with the World Bank, and the State Program for the Development of Agriculture for 2018-2020 was also approved.

On the way to liberalization of the Ukrainian economy, an institutional restructuring of the privatization system of state-owned enterprises took place. Thus, at the beginning of 2018, the Law „On Privatization” was adopted that simplifies the procedure for privatization: for now there are only two groups of privatization objects (small and large-scale privatization) instead of six, only 2 types of auctions instead of 5, etc. Small-scale privatization is conducted exclusively through online auctions, notably through the ProZorro electronic platform, which already allows the sale and lease of state property easily, quickly and transparently. In this area, the distribution of state enterprises by groups for the further sorting process is completed. The privatization of such large enterprises as Tsentrenergo, Turboatom, Odesa Port Plant, and Ukrgasbank has been completed or is in the process of being privatized.

It should also be acknowledged that the main reason for the low effectiveness of domestic reforms is the high level of corruption that has embraced all spheres of society's life. Therefore, this direction of change is the most difficult, contradictory and one that encounters the greatest political opposition. But Ukraine systematically deals with deregulation of business, corruption in the administration of taxes has been eliminated, a system of state purchases has been changed. According to expert estimates, only in 2017, thanks to the open bidding system, Prozorro Ukraine saved about 700 million euros.

All state registries have become public, requirements for the declaration of property of state officials have been strengthened. Almost completely formed the state anti-corruption vertical: from Prevention (NACP) to the struggle (NABU, SAP) and the specialized Supreme Anticorruption Court of Ukraine. Substantial changes have taken place in the tax area. Improved tax management, including automatic VAT refund. Against this backdrop, capital investment in Ukraine has grown by 19.9% in the first three quarters of 2017, an increase of 22.1% over the 3 quarters of 2018.

On the path of institutional integration into the EU, Ukraine remains consistent in its actions aimed at strengthening democratic institutions and the rule of law, fighting corruption, modernizing the economy and

infrastructure, and raising the welfare of the population. Today the EU has become the main economic partner of Ukraine:

- Its share in foreign trade turnover reached 41.3%;
- In 2018, about 15 thousand Ukrainian companies were exported to the EU;

In general, an indicator of institutional change is that within the framework of the pro-European policy of accelerated economic growth, a package of 39 bills has been formed to address 5 key tasks: business protection, deregulation, improvement of the business climate, facilitating access to finance and public resources, and encouraging innovation.

The starting point for the success of domestic reforms is also a list of economic factors that their population is considered to be the most influential. Table 4.5.2 shows an expert view of the impact of each of the following factors:

**Table 4.5.2. Assessment of the effect of environmental factors on successes of domestic sectorial reforms**

Factors	Weight
Macroeconomic	23 (max value - 40)
Significant deterioration of the political situation in the world	5
Changing geopolitical landmarks of neighboring countries	5
Changes in the structure of world demand	2
Regional environment, world market	3
Growing world demand for agrarian products	2
Out of the market for foreign investors	2
Volume of consumer demand in the world	1
Changing the level of prices and demand structure in the global market.	3
Economic	50 (max value - 60)
Inflation	5
Horizons of currency rates	5
Changes in the tax system in the direction of tax and duty growth.	4
Changing the customs rules for the export / import of industrial goods and agricultural products.	4
Energy price growth.	5
Growth of unemployment	5
Reduced demand for qualified personnel in the country	4
Political and legal factors	5

Bringing investment legislation in line with sustainable international practice	3
Low wages	5
Socio-cultural factors	4
Impoverishment of the population	5
TOTAL	100

As we see, the Ukrainian population considers internal economic factors more important for the success of reforms, linking it exclusively with the functional efficiency of power within the state. The gap between the maximum fears of negative events within the country is much smaller than the degree of risks of the external nature.

That is why today there are fears of European experts and donors about the „curtailment of reforms” in connection with the beginning of the „pre-election period” in 2019. I would hope that there are no grounds for this. Ukrainian authorities respond to specific actions and decisions that are designed for a strategic effect, not dictated by populist calculations. An example is that for the first time in the years of the election race, the Verkhovna Rada considers a rather modest budget - revenue growth is projected to be only 9.9% compared to the forecast of GDP dynamics in nominal terms by 14.1%. It does not go beyond other budget relationships, and therefore, the populist tendency of the budget, which usually takes place during these periods, is now practically not visible, which indicates a reduction of political pressure on the decision-making process in the economic sphere and the increase in the background of the start-up opportunities forecasting economic growth, which is the main objective of sectoral reforms.

(R) Main results and suggestions for further development of the research process.

Indicators of tax seizures in relation to GDP are a direct indicator of the intensity of the influence of political decisions on market processes. First of all, such indicators should be analyzed during the recovery of Ukraine's economic growth, which, according to European experts, began in 2000.

Undoubtedly, in modern conditions, market regulatory levers cannot fully ensure the development of the national economy. Therefore, the policy of tax exemptions becomes increasingly important in the economic policy of any state every year.

The latter affects the ratio between aggregate demand and aggregate supply, the volume of the national product, the level of employment, the welfare of citizens, the efficiency and stability of the state's economy. Instead, tax policy is an instrument whose application allows the government to suspend the decline of production, prevent inflationary

processes and undesirable changes in consumer and investment costs.

So, we do not speak the language of the absence of such seizures, but they should be considered under the prism:

A) Structure of seizures in the context of certain types of taxes;

B) Dynamics, which is natural when it coincides with the dynamics of GDP.

The inability of the authorities to properly pursue the policy of tax seizures can lead to profound economic shocks, deterioration of the national producer, lower living standards of the population, and ultimately the failure of reforms, the success of which paves the way for Ukraine to the European space.

Table 4.5.3 provides indicators of tax deductions from the Ukrainian economy from 2000 to the 2021 forecast period. We have structured such extracts by system taxes:

Income tax, which is an indicator of exemptions in the field of profitability of production;

Individual Income Tax, which is an indicator of deduction from the income of employees;

VAT, which is an indicator of price extraction from the point of view of the end consumer of goods;

The excise tax, which shows the volume of price seizures in the structure of the most profitable goods is not essential and the dynamics are rather tense:

**Table 4.5.3. Major tax exemptions related to GDP in Ukraine**

Years	Corporate income tax	Income tax	VAT	Excise tax	Total tax deductions
2000	4,5	3,8	5,6	1,3	18,4
2001	4,1	4,3	5,1	1,3	18,0
2002	4,2	4,8	6	1,8	20,1
2003	5,0	5,1	4,7	2,0	20,3
2005	5,3	3,9	7,7	1,8	22,2
2006	4,8	4,2	9,3	1,6	23,1
2007	4,8	4,8	8,2	1,5	22,4
2008	5,0	4,8	9,7	1,3	20,8
2009	3,6	4,9	9,3	2,4	22,8
2010	3,7	4,8	8,0	2,6	21,7
2011	4,2	4,6	10,0	2,6	25,7
2012	4,0	5,1	9,8	2,7	25,7
2013	3,8	5,0	8,8	2,5	24,2
2014	2,5	4,7	8,8	2,8	23,2
2015	2,0	5,1	9,0	3,6	25,6

2016	1,8	4,8	8,5	3,7	18,8
2017	1,8	4,9	8,4	3,7	18,8
2018	1,7	5,1	8,4	3,4	18,6
2019 (forecast)	1,6	5,3	8,2	3,8	18,9
2020 (forecast)	1,5	5,4	8,1	4,0	19
2021 (forecast)	1,3	5,4	8,2	4,2	19,1

As we see, since 2015, the dynamics of tax seizures from the economy has declined significantly, and also stabilized in its overall volume. At the same time, with constant VAT, excise taxes and PITs increased significantly (Fig. 4.5.1):

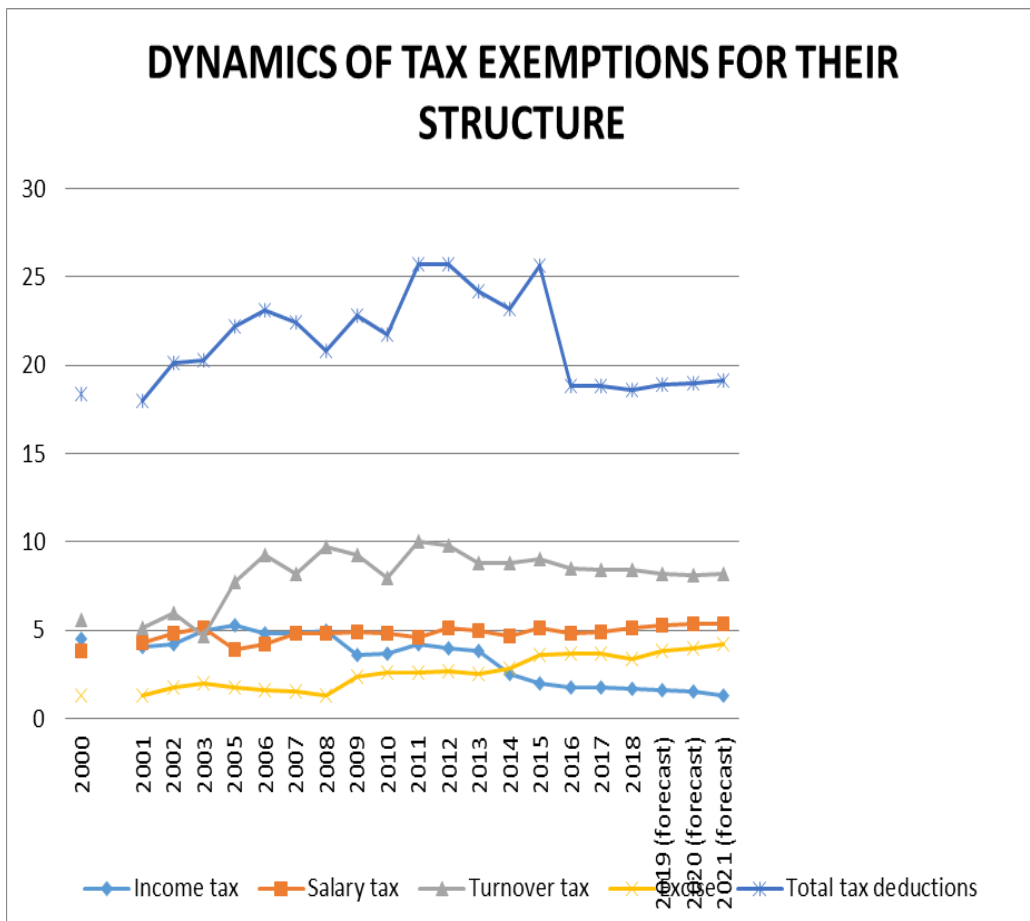


Figure 4.5.1 Dynamics of tax deductions according to their structure

Structural tax deductions for the forecast period (2019-2021) are calculated

on the basic directions of Budget Policy for 2019-2020 (Order of the Cabinet of Ministers of Ukraine dated April 18, 2018, №315-p). The provisions of this document establish the approaches to the budget formation; define the objectives of the budget policy and aim at ensuring economic growth and sustainable development of society; they also identify priorities for using budget funds and conduct a balanced and consistent tax and budget policy, including in the medium-term perspective. The provisions of the Main Directions of Budget Policy for 2019-2021 provide for budget policy aimed at achieving the strategic goals in the medium term and serve to formulate the draft State Budget of Ukraine for 2019 and in preparing the State Budget for 2020-2022.

A positive signal is that the exclusion from the profitability of enterprises in the form of profit taxation has decreased. These dynamics shows the realization of the institutional goals of the public administration system, connected with the increase of incomes and reduction of tax pressure on the capital of the enterprise.

But one way or another, in the economic sector, such a volume and structure are based on the dynamics of the macroeconomic indicators system, which is 2018, for the first time in the history of independence, - agreed and approved not for one year, but in the medium term (on the planned one and two subsequent ones after him years). Such a system of macro forecasting has a scenario that has been introduced for calculating the State Budget of Ukraine since 2016.

GDP dynamics, as a key indicator of economic growth, are developed in three scenarios. They are based on an analysis of economic development in 2017 and two previous years, the current economic situation, assumptions that take into account the impact of external and internal factors and risks, and include a vision of Ukraine's economic development in 2019-2021.

Forecasting of GDP dynamics is carried out on the basis of the Forecast of Economic and Social Development for 2019-2021 (Resolution of the Cabinet of Ministers of Ukraine dated July 11, 2018, № 546). This document was developed by the Ministry of Economic Development and Trade of Ukraine with the participation of interested central executive authorities. The purpose of the document development is to identify possible scenarios for the development of Ukraine's economy for 2019-2021 and the quantitative benchmarks for implementing such scenarios as the basis for making managerial decisions. The forecast has three scripts and it is based on an analysis of economic development over the last three years; on the current economic situation; and also on the assumptions that take into account the influence of external and internal factors. The parameters of one of the scripts ( the Government of Ukraine has proposed the Script 1) will be used

for the preparation of the State Budget of Ukraine for 2019; Forecast of the State Budget of Ukraine for 2020 and 2021; and also for other program and forecast documents.

The development of the forecast scripts takes into account the provisions of a number of key strategic documents, in particular:

- the medium-term plan of the Government's priority actions by 2020;
- sectoral strategic programs;
- export Strategy: Road Map for Strategic Trade Development for the period 2017-2021;
- poverty alleviation strategies;
- strategy for the development of small and medium enterprises in Ukraine up to 2020.

Also, given that Ukraine has joined the global process of ensuring sustainable development, the forecast reflects the progress that Ukraine will have with a certain probability in achieving the target indicators defined in the National Report „Sustainable Development Goals: Ukraine” under various development scripts. Such an approach fully corresponds to the principles and principles of the „sloppy planning” methodology of socio-economic development. Systematization of key indicator scenarios is given in Table 4.5.4:

**Table 4.5.4. Forecasts scenario of dynamics of GDP in Ukrain**

Scenario	Features to calculate	The value of a key indicator in the mid-term perspective
First (base)	<p>Prolongation of Scenario 1 of the 2018 macroeconomic forecast. Basis scenario 1 for 2019 - implementation of the reforms enshrined in the following documents:</p> <ol style="list-style-type: none"> <li>1. The medium-term plan of the Government's priority actions by 2020;</li> <li>2. Strategy for overcoming poverty;</li> <li>3. Strategy for the development of small and medium enterprises in Ukraine up to 2020,</li> <li>4. Export strategy.</li> </ol> <p>Also, the presumption of favorable conditions on the world markets is foreseen here.</p>	<p>The scenario predicts GDP dynamics at the level of:</p> <ul style="list-style-type: none"> <li>- 2019 p. - (3 %);</li> <li>- 2020 p.- (3,8 %);</li> <li>- 2021p. - (4,1 %).</li> </ul>
The second scenario (situationally positive)	<p>It is designed to identify additional effects (positive and negative) that can be generated in the economy as a result of complex reforms (land and tax in terms of corporate income tax), as well as the fiscal „cost” of such reforms.</p> <p>The external situation of world commodity markets in this scenario is quite consistent with the assumption of the forecast for the first scenario. At the same time, the assumptions about the inflow of investment and</p>	<p>The scenario predicts GDP dynamics at the level of:</p> <ul style="list-style-type: none"> <li>- 2019 p. - (4,1 %);</li> <li>- 2020 p.- (5 %);</li> <li>- 2021p. - (5,4 %).</li> </ul>



	loan capital in the second scenario are somewhat better.	
Third scenario (situationally negative)	The main directions of domestic economic policy coincide with the first scenario, but it suggests somewhat worse external conditions of development and slower growth of Ukraine's major trading partners. The negative impact of the external conjuncture will weaken the possibility of implementing reforms, first of all, financial.	The scenario predicts GDP dynamics at the level of: - 2019 p. - (1,1 %); - 2020 p.- (1,6 %); - 2021p. - (2,1 %).

Other macroeconomic indicators of Ukraine's development are derived from the dynamics of GDP presented in Table 4.5.1. In 2018, in all three scenarios, their list and values are presented as follows (Table 4.5.5):

**Table 4.5.5. Main forecast macroconstructions and social development of Ukraine in 2019**

Indicator	scenario 1	Scenario 2	Scenario 3
Gross Domestic Product:			
nominal UAH billions	3 946,9	4 004,1	3 982,9
percent to the previous year	103	104,1	101,1
Consumer price index:			
on average, up to the previous year, percent	108,7	109,7	112,8
December to December of the previous year, percent	107,4	108,7	112,4
Industrial producer price index (December to December of the previous year), percent	110,1	110,5	114,8
Profit of profitable enterprises, billion hryvnias	882,1	909,2	855,6
Fund of wages of hired workers and financial support of servicemen, UAH billions	1142,7	1204,3	1137,9
Average monthly wages of employees, gross:			
nominal hryvnia	10 129	10 595	10 118
nominal, corrected for the consumer price index, percentages to the previous year	106,9	110,8	102,9
Number of employees engaged in economic activity aged 15-70, million Persons	16,36	16,39	16,32
The unemployment rate of the population aged 15-70 in accordance with the methodology of the International Labor Organization, the percentage of the economically active population of the corresponding age	8,9	8,8	9,2
Labor productivity, percent to the previous year	102,4	103,3	100,8
Balance of trade balance, defined by the balance of payments methodology, million US dollars	-11 747	-11 609	-10 771
Export of goods and services:			

USD million	63 006	63 278	61 261
percent to the previous year	108,3	108,8	105,3
Import of goods and services:			
USD million	74 753	74 887	72 032
percent to the previous year	109,1	109,3	105,1

The introduced technologies of the medium-term planning of socio-economic development allowed to make the corresponding calculations for the period from 2020 to 2021. The projected figures for 2020-2021 are systematized in Table 4.5.6:

**Table 4.5.6. Main forecast macroconstructions and social development of Ukraine in 2020-2021**

Indicator	2020 year			2021 year		
	scenario 1	scenario 2	scenario 3	scenario 1	scenario 2	scenario 3
Gross Domestic Product:						
nominal UAH billions	4 450,9	4 609	4 502,6	4 972,6	5 223,9	5 045,3
percent to the previous year	103,8	105	101,6	104,1	105,4	102,1
Consumer price index:						
on average, up to the previous year, percent	106,7	107,9	109,9	105,5	106,1	107,8
December to December of the previous year, percent	105,6	107	108,6	105	105,2	106,7
Industrial producer price index (December to December of the previous year), percent	108,2	109	110,9	105,9	106,5	108,2
Profit of profitable enterprises, billion hryvnias	999,5	1055,5	950,3	1128,4	1212,6	1069,9
Fund of wages of hired workers and financial support of servicemen, UAH billions	1290,8	1393,7	1267,1	1444,5	1582,6	1402,3
Average monthly wages of employees, gross:						
nominal hryvnia	11 451	12 137	11 359	12 835	13 766	12 663
nominal, corrected for the consumer price index, percentages to	106	106,2	102,2	106,2	106,9	103,4

the previous year						
Number of employees engaged in economic activity at the age	16,46	16,55	16,38	16,52	16,7	16,41
15-70 years, millions of people	8,5	8,2	9	8,3	7,8	8,9
The unemployment rate of the population aged 15-70, the percentage of economically active population of the corresponding age	103,2	104	101,2	103,7	104,4	101,9
Labor productivity, percent to the previous year	-12 195	-13 764	-11 224	-12 975	-16 015	-12 186
Balance of trade balance, defined by the balance of payments methodology, million US dollars						
Export of goods and services:	68 007	69 283	64 714	74 650	76 023	68 933
USD million	107,9	109,5	105,6	109,8	109,7	106,5
percent to the previous year						
Import of goods and services:	80 202	83 047	75 938	87 625	92 038	81 119
USD million	107,3	110,9	105,4	109,3	110,8	106,8

According to the authors of the monograph, such an approach can reduce the influence of the political component on the economy and „untie“ the course of economic reforms from the periodization of the electoral process, this very negative phenomenon for many years having prevented the systematization of reforms, and also giving rise to predicted limitations on their results.

Based on these indicators, the draft State Budget for 2019 has been formed, which clearly implements the dynamics of economic development and takes into account their perspective. This led to a decrease in the individual groups of expenditures, the dynamics of which are negative and to the increase of the articles, the dynamics of the economic base which allows increasing the corresponding social standards.

In particular, funding will decrease the activities of the president - by 11% less, the Cabinet - by 9%, the Verkhovna Rada - by 4% less; subsidies for housing and communal services to the population - by 20%, it is 16 billion hryvnia.

In 2019, a reduction is expected revenues from fees for the provision of administrative services by UAH 6.607 billion, or 5 times, transfers of part of the profit by the National Bank - by UAH 4.949 billion, or by 9.8%.

In addition, from 2019, 75% of the revenues from the excise tax on fuel and vehicles, import duties on petroleum products will be sent to the Road Fund, created to accumulate funds for construction and repair of roads.

The rate of rent for the production of gas condensate will decrease from 45% to 29% (up to 5 thousand meters of subsoil) and from 21% to 14% (more than 5 thousand deposits). In this case, 5% of the rent for mining will be sent to local budgets.

Increase funding for:

- Defense - by 101.4 billion; Ministry of Internal Affairs - by 25%, total by 82.3 billion hryvnias; National Police - 21% more, SSU - 15%;
- Health care - by 10% (+9.3 billion), total - UAH 92.3 billion;
- Education - by 13%, the total will allocate 242 billion hryvnias. For the modernization of the elementary school, as well as this year, UAH 1 billion is envisaged.
- Social security measures - by 27 billion more than in 2018 (only 177.4 billion UAH), of which 166 billion UAH (20% more than in 2018) to cover the deficit of a loss-making pension fund;
- Roads - 56 billion hryvnia (+8.3 billion compared to 2018).
- The development of the agro-industrial complex is planned to disburse 6.9 billion UAH. At the support of regional projects in the budget is laid 41, 4 billion USD.

Total revenues will increase to 1,008 trillion. UAH, expenses - up to 1,094 trillion. UAH, the marginal level of the deficit will be UAH 89.989 billion, or 2.3% of GDP, and the maximum amount of debt is UAH 2,449 trillion. In 2018, revenues amounted to 917.9 billion hryvnias, expenditures - 991.7 billion hryvnias, the maximum amount of deficit at the level of 80.6 billion hryvnias, or 2.4% of GDP. The growth of state budget revenues in 2019 by 9.9%, or by UAH 90.496 billion, is planned to be secured at the expense of VAT, personal income tax and excise taxes. For the success of reforms and to increase their approval in society, such an increase in expenditures should lead to an increase in household incomes, the basic standards for assessing which is the minimum monthly and minimum hourly wages (Table 5.7)

**Table 5.7. Minimum wage earnings dynamics**

Period	Monthly	Increase in UAH	Increase, %	Hourly	Increase UAH	Magnification%.
from 01.04.2000 to 30.06.2000	90					
from 01.07.2000 to 31.12.2001	118	28	31.1%			
from 01.01.2002 to 30.06.2002	140	22	18.6%			
from 01.07.2002 to 31.12.2002	165	25	17.9%			
from 01.01.2003 to 30.11.2003	185	20	12.1%			
from 01.12.2003 to 31.08.2004	205	20	10.8%			
from 01.09.2004 to 31.12.2004	237	32	15.6%			
from 01.01.2005 to 31.03.2005	262	25	10.5%			
from 01.04.2005 till 30.06.2005	290	28	10.7%			
from 01.07.2005 to 31.08.2005	310	20	6.9%			
from 01.09.2005 to 31.12.2005	332	22	7.1%			
from 01.01.2006 to 30.06.2006	350	18	5.4%			
from 01.07.2006 to 30.11.2006	375	25	7.1%			
from 01.12.2006 to 31.03.2007	400	25	6.7%			
from 01.04.2007 to 30.06.2007	420	20	5.0%			
from 01.07.2007 to 30.09.2007	440	20	4.8%			
from 01.10.2007 to 31.12.2007	460	20	4.5%			
from 01.01.2008 to 31.03.2008	515	55	12.0%			
from 01.04.2008 to 30.09.2008	525	10	1.9%			
from 10.10.2008 to 30.11.2008	545	20	3.8%			
from 01.12.2008 to 31.03.2009	605	60	11.0%			
from 01.04.2009 to 30.06.2009	625	20	3.3%			
from 01.07.2009 to 30.09.2009	630	5	0.8%			
from 01.10.2009 to 31.10.2009	650	20	3.2%			
from 01.11.2009 to 31.12.2009	744	94	14.5%			
from 01.01.2010 to 31.03.2010	869	125	16.8%	5,20		
from 01.04.2010 to 30.06.2010	884	15	1.7%	5,29	0.09	1.7%
from 01.07.2010 to 30.09.2010	888	4	0.5%	5,32	0.03	0.6%
from 01.10.2010 to 30.11.2010	907	19	2.1%	5,43	0.11	2.1%
from 01.12.2010 to 31.12.2010	922	15	1.7%	5,52	0.09	1.7%
from 01.01.2011 to 31.03.2011	941	19	2.1%	5,66	0.14	2.5%
from 01.04.2011 to 30.09.2011	960	19	2.0%	5,77	0.11	1.9%
from 01.10.2011 to 30.11.2011	985	25	2.6%	5,92	0.15	2.6%
from 01.12.2011 to 31.12.2011	1004	19	1.9%	6,04	0.12	2.0%
from 01.01.2012 to 31.03.2012	1073	69	6.9%	6,43	0.39	6.5%
from 01.04.2012 to 30.06.2012	1094	21	2.0%	6,56	0.13	2.0%
from 01.07.2012 to 30/09/2012	1102	8	0.7%	6,61	0.05	0.8%
from 01.10.2012 to 30.11.2012	1118	16	1.5%	6,70	0.09	1.4%
from 01.12.2012 to 31.12.2012	1134	16	1.4%	6,80	0.10	1.5%
from 01/01/2013 to 30/11/2013	1147	13	1.1%	6,88	0.08	1.2%
from 01.12.2013 to 31.12.2013	1218	71	6.2%	7,30	0.42	6.1%
from 01.01.2014 to 31.12.2014	1218	0	0%	7,30	0.00	0%
from 01.01.2015 to 31.08.2015	1218	0	0%	7,29	-0.01	-0.1%
from 01.09.2015 to 31.12.2015	1378	160	13.1%	8,29	1.00	13.7%
from 01.01.2016 to 30.04.2016	1378	0	0%	8,29	0.00	0%
from 01.05.2016 to 30.11.2016	1450	72	5.2%	8,69	0.40	4.8%
from 01.12.2016 to 31.12.2016	1600	150	10.3%	9,59	0.90	10.4%
from 01.01.2017 to 31.12.2017	3200	1600	100.0%	19,34	9.75	101.7%
from 01.01.2018	3723	523	16.3%	22,41	3.07	15.9%

As can be seen, by 2015, the increase in these standards was relatively slow, with the exception of some more or less significant positive dynamics in 2010. In 2018 and in the forecasts for 2019-2021, the basic social standards have sharply increased.

The forecast figures for 2019–2021 are based on a combination of the estimated indicators of the main directions of the budget policy; Forecast of socio-economic development and Poverty Reduction Strategy in Ukraine. (Table 4.5.8):

**Table 4.5.8. Dynamics of main social standards in the mid-five period 2019-2021**

	Social standard	2017 y.	2018 y.	Medium-term period		
				1 January 2019 p.	1 January 2020 p.	1 January 2021p.
1.	The size of the minimum wage	3200	3723	4173	4 407	4 627
2.	The size of the official salary of the employee of the I tariff level of the Unified tariff grid	1600	1762	1921	2102	2262
3.	Living wage per month	1544	1853	1853	1936	2027

That is, since the year 2015, the system of public administration has changed the philosophy of seeking economic growth. Instead of increasing rates of taxation, which took place in the foreseeable future, there was a shift to a policy of increasing tax deductions due to increased incomes. Note that the tax rate remained unchanged, as we see, significantly increased only the base. (Fig. 5.2)

At the local level, all described ratios were reflected at the level of the main financial parameters of regions and communities. These parameters are included in the calculation of local budgets. The volume of their financial resources is determined on the basis of such institutional norms:

- requirements of the Budget and Tax Code of Ukraine;
- the provisions of the Program of Activities of the Cabinet of Ministers of Ukraine, the Main Directions of the Budget Policy for 2019-2021, approved by the Cabinet of Ministers of Ukraine from April 18, 2018, No. 315-r, approved by the Verkhovna Rada of Ukraine;
- Strategies for reforming the public finance management system for 2017-2020, approved by the Cabinet of Ministers of Ukraine from

January 2, 2017, No. 142-p, as well as the implementation of sectoral reforms in the field of education, health care, etc.

For the formation of local budgets, the main projected macroeconomic indicators of Ukraine's economic and social development for 2019, approved by the Government resolution No. 546 dated July 11, 2018, are taken into account:

- nominal GDP - UAH 3946.9 billion;
- real GDP growth rate - 103.0%;
- consumer price index - 107.4%;
- the wage fund of hired workers and the monetary support of servicemen - UAH 1194.6 Billion.

The draft state budget takes into account the following innovations concerning local budgets, in particular:

- introduction of a land tax for forest land and the establishment of a tax rate per hectare of forest land in accordance with Articles 274 and 277 of the Tax Code of Ukraine;
- PIT from the income from the lease (sublease, emphyteusis) of land, land shares (shares) by natural persons to the tax agent will be paid to the corresponding budget at the location of such objects of the lease (sublease, emphyteusis);
- entry from January 1, 2019 5% of rent for the use of mineral resources for the extraction of minerals of national value (except rent for the use of mineral resources for the extraction of oil, natural gas and gas condensate) to local government budgets at the place of extraction of relevant minerals (for today is credited in proportions: 25% - to regional budgets, 75% - to the state budget);
- maintaining a simplified taxation system for single taxpayers of the I-IV groups, as well as assigning to the fourth group (agricultural producers) the sole proprietors who carry out activities exclusively within the limits of the farm;
- preservation of the norm for the enrollment of 13.44% of the excise tax on fuel to local budgets - forecast 7.4 billion UAH.

Regarding the expenditure part of local budgets, from 2019 it is planned to implement expenditures from the regional budgets and the budget of Kyiv for the provision of services for the training of specialists in higher educational institutions of the I-II level of accreditation of state property without the status of certain legal entities that are part of the higher educational institutions establishments of III-IV levels of accreditation that do not have the status of a national one (the list of institutions that

are transferred for financing from local budgets is specified in Annex 10 to the draft law).

Provision of primary health care to the population from 2019 should be made from the state budget under a separate budget program through the National Health Service of Ukraine (UAH 15.3 billion). The size of the capitalization rate is determined by the Resolution of the Cabinet of Ministers of Ukraine dated April 25, 2018, No. 407.

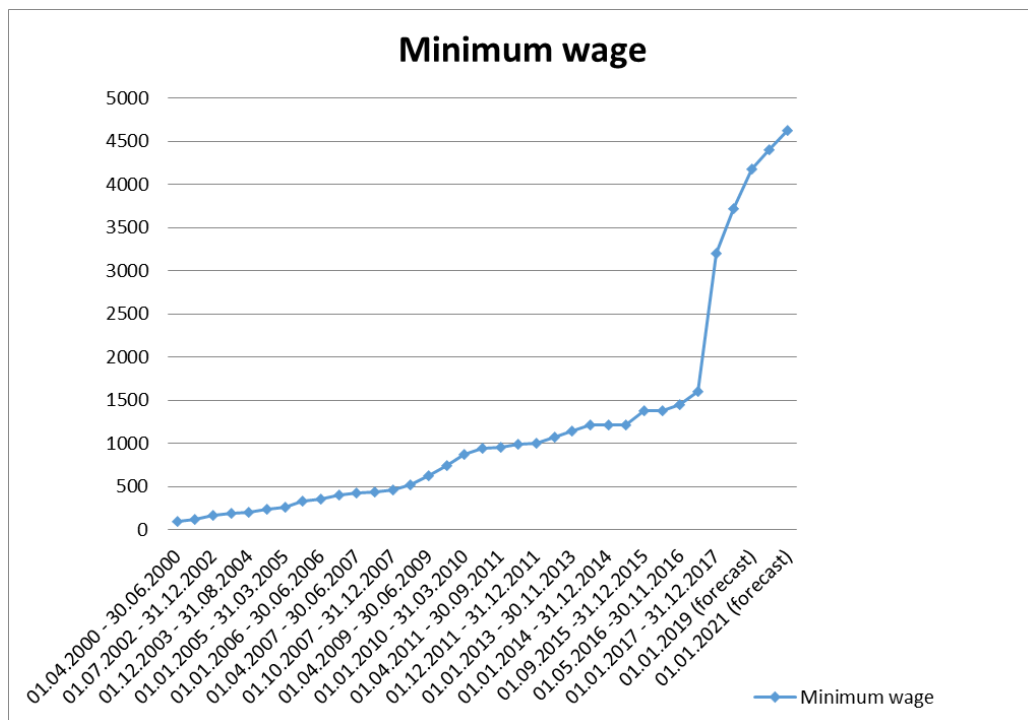


Figure 5.2. Dynamics of minimum wages in Ukraine

Thus, the total resource of local budgets for 2019 is UAH 588.9 billion, including own revenues of local budgets (including a reverse grant of UAH 6.8 billion) amount to UAH 291.1 billion, which is by +41.4 billion UAH more than the approved local budgets for 2018, or +16.6 % and more from expected revenues by +32.3 billion USD or + 12.5%), including:

- the total fund is UAH 265.7 billion (increases by +38.4 billion USD or + 16.9% compared to the approved amounts);
- special Fund - UAH 25.5 billion is increased by +3.0 billion UAH or by + 13.5%;
- transfers from the state budget will amount to UAH 304.6 billion. Taking into account the reverse grant, which is transferred by local



budgets to the state budget, local budget revenues will amount to UAH 284.3 billion, incl. of the general fund - 258.9 billion UAH, which is more than the forecast indicator in 2018 at +27 billion USD or + 12%.

The state budget envisages direct intergovernmental relations with 705 amalgamate hromadas (AHs), including from 40 AHs, in which in April 2018 the first local elections took place.

Horizontal leveling of tax capacity (calculation of basic and reverse subsidies) of local budgets is carried out on the basis of the current legislation. Thus, the basic grant is 10.3 billion UAH (more than the indicator in 2018 by 2.1 billion UAH or 25%) and is calculated for 935 local budgets, including 19 regional budgets, 53 budgets of cities of oblast significance, 353 rayon budget and 510 budgets of the combined territorial communities. That is, the basic grant receives budgets, in which the index of the tax capacity  $<0,9$ , or income per 1 resident is less:

- UAH 1 851.22 - from the personal income tax for budgets of cities of oblast significance, rayon budgets and budgets of the combined territorial communities;
- 462, 80 UAH. - From the personal income tax for regional budgets;
- 77.70 UAH. - From the corporate income tax for regional budgets.

Reverse grant - UAH 6.8 billion (more than UAH 201 billion or UAH 26 billion), and is calculated for 234 local budgets, including 4 oblast budgets, 69 budgets of oblast cities, 44 rayon budgets and 117 budgets of the combined territorial communities. The reverse grant is for budgets with a tax capacity index  $> 1.1$ , or income per inhabitant more:

- UAH 2,262.60 - from the personal income tax for budgets of cities of oblast significance, rayon budgets and budgets of the combined territorial communities;
- UAH 565.65 - from the tax on personal income for regional budgets;
- UAH 94.97 - from corporate income tax for regional budgets.

A stabilization grant is also provided in the amount of 200.0 million UAH and additional subsidies - 15.3 billion UAH, incl. for spending on maintenance of educational and health facilities - UAH 14.9 billion.

It should be noted that as in 2018, the distribution of additional subsidies for expenditures on the maintenance of educational and health facilities between local budgets will be carried out in accordance with the procedure established by the regional state administrations and approved by the decision on the regional budget. However, the practice of distributing regional supplementary allowances in 2018 between local budgets of oblasts, in most cases, has shown a subjective approach to such a division.

Tax seizures carried out by the state are centrally allocated then to various areas of financial support of the regions and territories where the consumers of public services live.

Thus, the amount of subventions from the state budget to local budgets for 2019 is foreseen in the total amount of UAH 257.3 billion, in particular in directions (Table 4.5.9):

**Table 4.5.9. Distribution of the state financial rates support of local budgets from the national budget**

No	Support type	Amount of funds
	Subvention for implementation of state programs of social protection of the population, including:	122,0
	- payment of assistance to families with children, low-income families, persons	63,0
	- Provision of privileges and housing subsidies to the population on energy resources	55,1
	- Provision of privileges and housing subsidies to the population for the purchase of solid and liquid stove fuel and liquefied petroleum gas	2,9
	- payment of state social assistance for orphans, UAH million.	997,1
	Educational subvention (more than in 2018 by UAH 9.3 billion or by 15.1%, in 2018 - UAH 61.7 billion). Also, in the formula for allocating educational subventions, for the first time, the share of rural population for cities of oblast significance	71,0
	Expenditure taking into account the division of classes into groups when studying individual subjects	2,8
	Inclusive resource centers, mln	666,3
	Financing of general educational institutions of private ownership, mln.UAH	196,0
	Financing of higher education (college), mln	666,0
	Medical subvention The subvention does not include expenditures for providing primary health care, which is provided by the budget program of the Ministry of Health „Provision of primary health care to the population”	55,5
	Subvention for the formation of the AHs infrastructure	1,9
	Subvention for the implementation of measures aimed at the development of the health care system in rural areas	1,0
	Subvention for providing high-quality, modern and affordable general secondary education „New Ukrainian School”	1,3

Financial support of construction, reconstruction, repair and maintenance of public roads of local importance, streets and roads of communal property in settlements, which makes up 35% of the State Road Fund, mln.UAH	17,6
Financing measures for socio-economic compensation of the risk of population living on the territory of the monitoring zone, mln.UAH	137,5
Modernization and updating of the material and technical base of vocational schools, mln	50,0
Provision of state support to people with special educational needs, mln	504,4
Creation of new, construction and repair work of existing palaces of sports and completion of the construction work / reconstruction of sports palaces started in the previous period, mln.UAH	200,0

The volume of state financial support from the State Regional Development Fund for the implementation of investment programs and regional development projects is expected to amount to UAH 9.1 billion, which is 1.5 times more than in 2018.

Starting from 2019, all local budgets without exception should apply the program-target method, which is the main standard of financial planning and planning of social and economic development of the EU countries.

It is also important that the Strategy for the reform of the public finance management system for 2017-2020, approved by the Cabinet of Ministers of Ukraine from 02.08.2017 № 142-p, as part of the improvement of the program-target method, provides for the integration of the gender-oriented approach into the budget process. The Draft Guidelines for Budgetary Policy for 2018-2020, approved by the Cabinet of Ministers of Ukraine No. 411-r of June 14, 2017, determined the necessity of observing the principle of ensuring equal gender rights and opportunities during the formation of budget indicators by the main spending units of the budget.

But the main unresolved issue of the regions of Ukraine remains a high degree of differentiation of their subsidy. This is primarily due to the heterogeneous number of economically active population generating a gross regional product. So, in 2018, the largest such population lives in Dnipropetrovsk, Kharkiv oblasts and in Kyiv. The least - in Zhytomyr, Luhansk and Ternopil regions. Accordingly, the subsidy budgets of these regions varies from the lowest figure (10-12%) to the highest rates (70-85%). As we see, the concentration of productive forces and productive resources suggests that in Ukraine the era of uniform socio-economic development of the regions has remained behind. Instead, the poles of socio-economic growth, which already have gaps in the success of reforms

in comparison with another territory of the state, are clearly visible.

Here too one cannot ignore the fact that, according to the Ministry of Social Policy, more than 3.2 million Ukrainians constantly work abroad and up to 9 million are involved in seasonal work abroad. The State statistic annually fixes the migration increase, but it is based on data from the Migration Service for registration and withdrawal from registration. Behind him, since 2005, the country is in a plus in terms of migratory growth. Migrants do not do this, and emigrants - only if they receive another citizenship. Therefore, there is no point in taking these statistics into the calculation. There are other statistics - based on household surveys. She showed the Gosstat that the number of migrant workers in 2015-2017 - 1.3 million people. UN data are somewhat different from Ukrainian ones. According to the 2017 report, 5.9 million Ukrainian migrants are scattered across different countries. It is 400 thousand more than in 1990. Ukraine is in the eighth place in the world by the volume of migrants. In the 27 years, despite the increase in the number of migrants, it has fallen in this ranking to four positions - over the past 27 years, their number has increased globally. The number of migrants in Ukraine is ahead of only such countries as Pakistan - 6.9 million, Bangladesh - 7.5 million, China - 10.0 million, Russia - 10.6 million, Mexico - 13 million, India - 16.6 million people.

All this leads to a permanent decrease in the economically active population in the vast majority of regions of Ukraine, as well as to the differentiation of its quantity, which does not allow to accelerate the formation of the poles of economic growth, which in other circumstances may be more pronounced in the parameters (Fig. 4.5.3):

Therefore, the direction of further scientific research related to the socio-economic success of reforms in Ukraine is the search for ways to overcome labor migration and the growth of demographic indicators in terms of increasing the economically active population in all regions without exception.

One of the main such paths, of course, is to increase incomes and overcome phenomena that lead to their depreciation. These are the directions outlined by the current course of development of the public administration system in Ukraine, which is illustrated by the authors on the basis of the reduced research parameters.

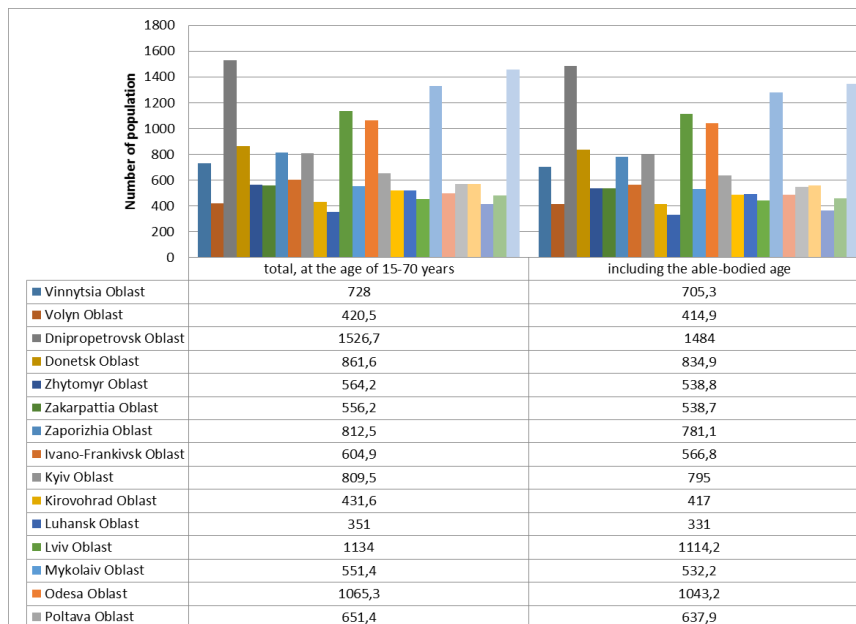


Figure 4.5.3 Economically active population by Ukrainian regions in 2018

#### (D) Checking and interpretation of results

The results of the research carried out by the authors presented in the section show that the reform of the PA system at the local level has not yet allowed the maximum expected results. Moreover, often some reforms have aggravated the existing economic problems in the realization of a neo-liberal business-oriented model, to which Ukraine aspires to build. In particular, this refers to an increase in the indicators of external labor migration and the differentiation of subsidization of regions associated with the unequal distribution of economically active population.

But, of course, a positive signal is the substantial rise of Ukraine in 2016-2018 in the Doing Business rating. Doing Business is the result of an annual study that evaluates the ease of doing business based on 10 indicators in 190 countries. The components of the rating assess the regulatory acts regulating the activities of small and medium enterprises throughout their life cycle, and their actual use in practice. Doing Business has been in existence since 2003. The data on the „Doing Business” rating for the next year are being prepared as of May 1, and are published, as a rule, in the fall of this year. The study collects and analyzes complex quantitative data in 10 areas (indicators) to compare the conditions of business regulation between countries and in the dynamics, thus the Doing Business rating encourages countries to more effective regulation and provides measurable benchmarks for reforms.

These indicators are used to analyze economic outcomes and to identify

successful business regulatory reforms, and to determine where and why they were effective. That is, research not only points to problems that hinder the development of entrepreneurship, but also determines their cause and contain recommendations for the implementation of the necessary reforms.

The improvement of Ukraine's position in the World Bank's „Doing Business” rating is one of the key strategic indicators for implementing the Ukraine-2020 Sustainable Development Strategy, approved by the Decree of the President of Ukraine dated January 12, 2015, No. 5. In turn, measures to increase Ukraine's position in the Doing rating Business are carried out within the framework of the plan of action for the implementation of the best practices of high-quality and efficient public administration, as reflected by the World Bank Group in the Doing Business (Doing Business) ranking methodology, approved by the order of the Cabinet of Ministers Ukraine dated 16.12.2015 № 1406 (as amended by the Decree of the Cabinet of Ministers of Ukraine dated November 23, 2016, No. 926.) The dynamics of the position of Ukraine in the Doing Business rating for 2012-2018 is presented in the schedule (Appendix A) .In the fall of 2018, the Doing Business 2019. The goal of Ukraine is to enter the TOP-30 countries of the world with the best business climate.

As we see, nonfunctional institutionalization of the system of public administration of Ukraine, despite the fact that the state failed to fully overcome systemic problems of an economic nature, reached the end of 2018 quite high level, first of all, in the management of business processes, which is directly related with an increase in the predictability of economic policies and an increase in the impact of domestic investment factors.

Taking into account the growth of the volume of state financial support of the regions by the state, as well as the significant differentiation of their subsidization, the development, practical implementation and optimization of a new philosophy of carrying out reforms at the regional level becomes increasingly relevant for Ukraine. It should be based on the use of the concept of „growth poles”, which is impossible without determining the criteria for an objective quantitative assessment of the socio-economic efficiency of each of these reforms. Key quantitative indicators are usually indicators of economic growth, as well as an increase in real incomes. A qualitative indicator of evaluating the effectiveness of applying the managerial philosophy of the „growth poles” may be the notion of public welfare as a long-term goal of local development. In the implementation of the current monitoring, it will be necessary to use both quantitative and qualitative indicators. In the previous sections of the monograph, the Ukrainian concept of program effectiveness is sufficiently presented, which can serve as the basis for the corresponding methodology. It should be

added that the initial prerequisite for developing a model based on the processes of creating „growth poles” is the territorial and regional development strategies. In this case, the mission laid down in each of them is hierarchical in nature, consistent with the goals and stages of the implementation of the state strategy and is considered as a factor in ensuring the effectiveness of the system of public administration in general.

A possible approach to the effectiveness of the reforms can be the practice of studying and using the experience of the countries of Central and Eastern Europe in their accession to the EU, as well as the practices that are being applied today in Moldova and Georgia. The analysis of economic parameters proposed in the case for Ukraine completely allows us to formulate and develop a number of systemic algorithms in areas such as the policy of reforming the PA system and the formation of a new concept of NED, based on the deepening of the influence of neo-functionalism and neo-liberal economic actions. All of them are based on their compliance with the EU integration model.

In terms of defining the goal of reforming the system of local public administration, it should be noted that the concept of decentralization at the regional level can no longer be considered only as a means of territorial improvement, economic development and welfare of its citizens. Contemporary post-industrial decentralization conceptually corresponds to a fundamentally different system of views. Its essence lies in the representation of the region as an artificial design, which will streamline the economic potential of the region to ensure the effectiveness of its individual territories. This should be the main philosophy of all the sectoral reforms that are implemented in Ukraine and aimed at its European integration without exception.

#### **4.6. Conclusions to Section 4**

The analysis of quantitative indicators and indicators of effectiveness of public-managerial transformations in the latest history of the European community showed that all the countries of the Eastern Partnership during the neo-liberal reforms of the late twentieth century experienced significant political, economic, and social constraints. But in the post-Soviet and post-socialist countries, the consequences of these reforms have seen a tangible and painful gap, which manifests itself in the negative dynamics of incomes and in the deterioration of access to opportunities for their filling. The rapid growth of these indicators in the countries of the European Union, which formerly belonged to the socialist camp, takes place against the backdrop of a rather moderate or even negative GDP surplus of most Eastern Partnership countries.

Detected, that Ukraine takes one of the first places regarding the gap between the incomes of the poorest and the richest sections of the population. The overcoming of such gaps is a priority task to related increasing the level of access to opportunities in the field of personal income, that in turn requires the access of poor people to education and the access of the middle class to credit and financial resources. Education should become a prerequisite for an increase in household incomes; the bulk of the minimum social standards should depend on its level. At the same time, the redistribution of national wealth should be reorientated from the „middle class - poor” model to the model „rich-poor”. This will strengthen the economic position of the middle class as the main taxpayer, as well as the basis of the social development of the state in the long run. This way will minimize the negative consequences of the initial phase of the neo-liberalization of the economy in Ukraine and give impetus to their positive trend.

The studying the progressive and most successful models of public administration, that used in the countries of the European Union has made it possible to argue that deliberation is a key to achieving positive dynamics in local economic and social development. The main instrument of the deliberation is the decentralization of power in Ukraine, that is the main vector of modern reforms carried out at the central and local levels. Significant public support for decentralization, that is observed on the results of its first phase, indicates the correctness of this path and its suitability for the implementation of neo-liberal economic reforms. In addition, deliberation is one of the most important factors in improving the efficiency of local government. It ensures the involvement of every inhabitant of the territory in its life and development as a single organism, where there is no clear distinction between the authorities and the community. The deliberation contributes to the fact that the object of control becomes subject-matter, that, in its turn, allows the public to be involved in the management of local affairs in a decentralized management model; increases resource efficiency expands innovative and creative potential, promotes self-organization and growth of competitiveness of territorial communities.

Worldwide practices show that the concept of unified governance, that involves combining the efforts of subjects and objects of public administration in achieving the results of reforms, is the most effective way to deepen the delineation in Ukrainian realities and in the realities of the majority of the countries of the Eastern Partnership. The activity of citizens, when the concept of united governance is implement, reaches a much higher level than if the civil society is excluded from the circle of management entities and vision of them only as passive objects of



consumption of products of the activity of professional political power, that is limited in the seeing of problems of socio-economic nature.

The rationale for a comprehensive methodology for investigating the social efficiency of local government activities and its pilot verifications is based on the understanding of the need to deepen the delineation in terms of implementing a decentralized model of public administration. These verifications have confirmed the ability of authors' approaches to such components as social diagnosis and methods for assessing the social efficiency of management activities of local authorities. According to the results of the assessment, it was determined that the public control is a tool for public assessment of the degree of implementation by authorities and other actors of the impact on the development of communities of their social tasks. At the same time, public control is the most important form of ensuring the social efficiency of the authorities. Thus, their openness and transparency is the key condition to increase social efficiency

Involving entrepreneurs in solving priority social problems of the territories is an important direction in increasing the social efficiency of public authorities, especially at the local level. This is made through the promotion of social responsibility of the business and the increase of the authorities of the social efficiency of the work of communal and private enterprises operating in a certain territory. Creating an adequate system of rules and regulations that promote social interactions within the management system is a keyway to increase the social effectiveness of local authorities.

The social efficiency of any type of management should be assessed not only by the quality of those managerial decisions that are made by management entities but mainly on the quality of material and spiritual products and services consumed by end consumers. In general, the social efficiency of the activities of local authorities depends entirely on two main factors: first, on the purpose the government puts before itself, caring (not caring) about people (the external task of the authorities); secondly - how, by what methods, by what professional forces it tries to carry out the planned (internal task).

On the basis of systematization of subject-object relations in the implementation of public and managerial reforms of economic and social content, it became clear that in the modern world states lose the role of a monopolist in politics and management of social affairs. These trends are clearly observed in the vast majority of countries in eastern Europe and show rather conservative dynamics in the Eastern Partnership countries. The necessity and urgency of democratization of socio-political processes proceed from the dialectical peculiarity noted by Hegel about the need to

replace the old forms of the state, that revealed dangerous of them for society dependence on the individual properties of the mindset of the ruling circles, a new, rational system of the state system. In the European outlook, there is no place for the means of governance that are not based on the consent of the people as a legitimate basis of state power.

On this basis, the idea is based on the legitimacy of the hypothesis of partnership cooperation as a component of local economic development in the context of neo-liberal economic and social reforms. Such legitimacy is reinforced by the tendency to delineate through decentralization and the transfer of political authority to local affairs to territorial communities. The phenomenon of partnership cooperation is outlined as a cross-sectoral partnership.

The expansion of the public administration entities in the context of decentralization is primarily due to the initiation of public authorities regarding partnership cooperation with civil society. Such an initiative is the prerogative of the modern state because it acts in the public interest and defines the regimes of interaction with the interested parties through lawmaking. The institutionalization of the partnership should be based on the rules of engagement with the stakeholders at each phase of the life cycle of each of the local development projects.

Civil society organizations are a real alternative to the state sector in the field of human rights and freedoms. In European practice, they are full-fledged actors in public administration and have a positive impact on its results, ensuring the functioning of the system of leverage and counterbalance, first of all, at the local level. Undoubtedly, the positive aspects of the cross-sectoral partnership are the diversified nature of funding for the activities of civil society organizations; a wide range of legal and organizational tools for achieving their goals; vertically and horizontally developed organizational network; effective multi-year fruitful interaction of civil society organizations with international donor organizations, that provides communities with access to donor resources. In order to achieve the success of neo-liberal reforms in Ukraine, these positive features can become a pledge to legitimize their goals, and also they can become the key to optimize the ways to accomplish tasks without socio-economic losses for society.

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